Warning of threat to French president's power, Page 2

Tuesday January 28 1986

D 8523 B

# EEC in

World news

# sanctions move on terrorism

EEC foreign ministers decided on ELECTRICIANS union could face an arms embargo on any country supporting or suspected of support-

The declaration falls short of the economic sanctions against Libya ing disciplinary process expected to sought by the US Government, but it does urge EEC citizens and comcil today. Page 18 panies not to exploit any advantage created by the US embargo.

The Greek Government blocked attempts to name Libya. The minis-ters said they would intensify their efforts for joint action to protect airports, ports and railway stations; to control immigration and the issuing of visas and any abuse of diplomat-

### EEC deal go-ahead

Member states of the EEC will go ahead with a formal signing of the deal on constitutional reforms on February 17, although Denmark, Greece and Italy have yet to agree their readiness. Page 2

Guerrillas advance Guerrillas of Uganda's National Re- ternational stocks. The FT Ordi sistance Army, who captured the nary Share index rose 13.2 to 1,139.4 capital Kampala, seized Jinja, the - 10 points short of its January 3 country's second largest town. peak - and the FT-SE 100 firmed 13

### Portuguese run-off

Right-wing law professor Diogo WALL STREET: The Dow Jones in-Freitas do Amaral and Socialist for-dustrial average closed up 7.88 at mer Prime Minister Mario Soares 1,537.61. Page 38 will go into a run-off election on

### President of Portugal, Page 2 Stockholm hopes

West German Foreign Minister DOLLAR was weaker in London, Hans Dietrich Genscher and his falling to DM 2.398 (DM 2.4185), FFr French counterpart Roland Dumas 7.365 (FFr 7.435), FFr 2.0335 (SFr address the European security con-2.0465) and Y195.7 (Y196.0), On ference in Stockholm today amid Bank of England figures the dolsigns that the forum may produce lar's exchange rate index fell to the first East-West arms accord 124.1 from 124.7. Page 31 since the unratified US-Soviet Salt 2 treaty of 1979. Page 2

move which could mean closer rela- Page 31 tions after a seven-year freeze.

### Manila alert

Anti-guerrilla squads were ordered on to the streets of Manila the Phisaid up to 300 armed communist rebels had infiltrated the capital.

### Haiti protests

Troops patrolled the streets of Cap abroad. Page 19 after anti-government protests.

### Sri Lanka bill

Sri Lanka has called a special emergency session of Parliament to enact a bill to give citizenship to 270,000 stateless Indian Tamil plantation workers.

### Walesa trial

Polish workers' leader Lech Walesa is to stand trial for slander on February I1 for disputing official voting figures in general elections last

### Peru copper strike

About 6,000 Peruvian workers launched an indefinite strike against Southern Peru Copper Corporation, the country's biggest copper producer, to back demands for higher pay.

Amnesty plea Amnesty International called on News analysis, page 25. South Africa in repeal its pass laws, which regulate the movement of blacks. It said the laws had denied

fair trial and led to degrading treat- try's neutrality laws. Page 2 ment of many of them.

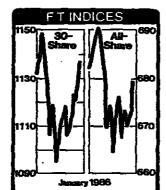
### Champagne record

record last year of 195.4m bottles, closing prices are incomplete in nearly 4 per cent higher than 1984's record output.

record output.

# Business summary TUC may suspend

suspension from Britain's Trades Union Congress (TUC) over the isprinting plant at Wapping, followcouncil today, Page 18



LONDON equities were boosted by institutional and US demand for into 1,405.0. The FT Actuaries All- by a five-company European con- day's debate was helped by a feeble Share index closed at 679.41, up 0.9 per cent. Page 38

February 16 to decide who will be TOKYO: stocks advanced encouraged by the yen's sharp rise. The Nikkei average added 29.77 to 12,983.14. Page 38

the dollar in London to finish at Gorbachev meeting

\$1.3915. It also fell to DM 3.3375
(DM 3.3725), FFr 10.2475 (FFr 10.365), SFr 2.83 (SFr 2.8525) and Y272.25 (Y273.25). The pound's exchange rate index fell 0.6 to 73.7.

> GOLD rose \$1.375 on the London bullion market to \$355.125 and was \$4.675 higher in Zurich at \$358.875.

lippines capital after the military MOBIL, second biggest US oil group, reported 49 per cent rise in fourth-quarter earnings, helped by special gains and improved down-stream results domestically and

Haitien, the Haitian resort town, MERRIL LYNCH and Co. US investment banker, reported 1985 profits up to \$224m from \$95.3m in 1984. Fourth-quarter net earnings were also up from \$29.8m in the corresponding period a year ago to

> BANCO DE VIZCAYA, first of Spain's big-seven banks to announce 1965 results, reported 23 per cent growth in net profits to Pta 13.16bn (\$86.4m) compared with 1984. Page 29

> BOEING, US aerospace group, in-creased net operating profits for 1985 to \$566m compared with \$390m for the previous year. Fourthquarter earnings were up to \$188m compared with \$124m in the corre sponding period.

> BBA, the UK automotive compo nents group made an agreed C98.4m (\$137.8m) offer for one of its major customers, Automotive Products, maker of Lockheed braking sys-

tems and Borg and Beck clutches. VOEST-ALPINE, Austria's stateowned engineering group, is alleged blacks. It said the laws had denied in a magazine article to have sold hundreds of thousands of blacks a artillery to Iran, breaking the counfair trial and lad to degrading treat.

French champagne production set a WE REGRET that North American

# Thatcher wins her party's support but Murdoch's questions persist

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MRS MARGARET THATCHER. the British Prime Minister, survived yesterday's emergency House of Commons debate on the West-land affair. But she emerged bettered and on probation with many backbench MPs in her own Consernachberich mrs in her own conservative Party making a number of damaging admissions about the role of her Downing Street office and of Mr Leon Brittan, the former Trade and Industry Secretary.

Conservative MPs united publicly behind her, especially after a public pledge from Mr Michael Heseltine, he former Defence Secretary, that the debate had brought "the politics of the matter to an end."

a number of matters in the affair vhich could have been handled better, which she regretted. In a brief, later intervention, Mr Brittan also regretted some of his actions.

Mr Heseltine resigned from the bled British helicopter company. He favoured a rescue bid mounted

Westland yesterday unveiled a revised £80m (\$111m) rescue plan, put forward by its favoured partners, Sikorsky, the US belicopter manufacturer, and Fiat of lialy. The plan will require a simple majority vote by share-holders at a meeting next month.

sortium in competition with the plan proposed by Sikorsky of the US and Fiat of Italy, which subse-quently failed to win the necessary two-thirds approval of Westland shareholders despite being support-ed by the company's board.

This followed what was seen as a Mr Brittan resigned last Friday partial olive branch from Mrs as the British political crisis deep-thatcher, who said that there were ened. He had come under increasing fire in Parliament, including criticism from many Conservative MPs, over his ministry's role in leaking to the press a letter from one of the Government's leading law officers. Mrs Thatcher's own Cabinet on January 9 after dis- failure last week to satisfy parliaagreeing with its handling of rival mentary criticism of her role and rescue offers for Westland, the trou- that of her office led to yesterday's

emergency debate. Mrs Thatcher's position in yester-

opening speech from Mr Neil Kin-nock, leader of the opposition La-bour Party. This was partially offset later by strong attacks from Mr David Owen, the Social Democrat leader, Mr Michael Foot, the former Labour leader, and Mr John Smith, Labour's trade and industry spokes-man, all of whom argued that Mrs Thatcher had left several major questions unanswered.

Mrs Thatcher's Government won the vote at the end of the three-hour debate by 379 votes to 219, aided by the absence of 14 newly re-elected Ulster Unionist MPs. Every Conservative MP present voted for the

Several senior former Conserva tive ministers said they found many aspects of Mrs Thatcher's account difficult to believe. Other MPs, however, were more inclined to give Mrs Thatcher the benefit of the doubt, partly in the hope of ending the affair. Even loyalists conceded that the Government will quickly have to show that it has a firm grip

Continued on Page 18 Parliamentary reports, Page 8; Editorial comment, Page 16

# IBM to cut Intel stake with debt conversion

BY PAUL TAYLOR IN NEW YORK

ties will be convertible into some of ally acquire the whole of Intel - as its 22.5m Intel common shares. IBM the computer maker did with Rolm, tel's largest shareholder but also the semiconductor group's biggest per cent initial stake in 1983.

The surprise move marks an IBM sent lotel's already depress abrupt turnabout in IBM's strategy. share price plunging. The chipmak-IBM initially acquired a 12 per cent er, whose stock has been depressed Intel equity stake in 1982 as part of recently by the problems of the US might be a purely investment decists strategy of securing partnership semiconductor industry, saw its sion, some analysts suggested. Inarrangements through equity stakes in companies able to enhance its technology and marketing announcement.

offering this year. The debt securi- speculated that IBM might eventu- 1990. said it had not yet decided the basis the west coast manufacturer of adof conversion. IBM is not only In- vanced telecommunications equipment in which IBM acquired a 15 Yesterday's announcement by

the immediate wake of the

IBM, the world's largest computer group, announced plans yesterday to reduce its equity stake of nearly chipmaker, IBM subsequently built productive relationships in many 20 per cent in Intel, the US west up its equity stake in Intel to just appear to the computer group said the two a maximum 30 per cent stake in the computer group said the two a maximum 30 per cent stake in the computer group said the two companies "continue to have close, productive relationships in many under 20 per cent through a series." IBM noted that Nowhich makes the chip "brains" for of open-market share acquisitions vember the two companies signed a STERLING lost 0.25 cents against IBM's line of personal computers. with IBM generally paying between series of technical information ex-IBM said it was considering \$32 and \$45 a share. change and development agree-launching a \$300m convertible debt At one stage Wall Street had ments which stay in effect until

> Louise Kehoe in San Francisco adds: IBM first acquired 12 per cent of Intel's shares for an investment of \$250m in 1982. Subsequently, IBM has purchased additional Intel shares on the open market.

IBM's decision to reduce its stake in Intel by approximately a third share fall \$1.75 to \$27% a share in tel's share price has been hovering around \$29 recently, significantly lower than the \$40 a share that IBM spertise.

IBM gave no immediate reason paid for its initial investment in Under an agreement with Intel for its surprise decision. However, Intel.

## **Sterling** loses ground

By Philip Stephens and George Graham in London

THE POUND had a turbulent day on foreign exchange markets yes-terday, suffering renewed losses against other major currencies amid continuing concern over the outlook for oil prices and the impact on the British Government of the Westland affair.

The fall provided a further test of the Government's determination to hold the present level of interest rates, but the Bank of England signalled that it would still resist any increase in borrowing costs.

At one stage, the sterling index fell by a full point from Friday's close before steadier oil prices and weakening of the dollar's value brought some recovery later in the

Speculation over the authorities tactics was fuelled by a meeting yesterday morning between Mr Robin Leigh Pemberton, Governor of the Bank of England, and Mr Nigel Lawson, Chancellor of the

Officials on both sides, however insisted that the meeting had been scheduled last week and did not signify a shift in the Government's tance. Reduced expectations of higher borrowing costs were also reflected in a general fall in money market rates to around 13 per cent.

Nervousness in the foreign exchange markets was beightened by the announcement that a meeting of experts from the Organisation of Petroleum Exporting Countries (Opec), due to start yesterday, had been postponed until tomorrow.

The technical talks are expect to prepare the ground for a fiveman Opec ministerial meeting due to start on February 3. The UK Government's tactics

suggest that it would like to avoid any move on interest rates until the uncertainties surrounding the Opec talks are resolved. There are also hopes that the damage to confidence caused by the Westland affair will gradually subside.

Money markets, Page 31

# Baker plan is inadequate, Mexico warns

BY PETER MONTAGNON IN LONDON

debt crisis was inadequate. high real "We believe it to be insufficient to creditors?" tackle the goal of resuming growth while continuing to service debt

dom, could make the summer of 1982 (when Mexico first abandoned \$20bn to the 15 largest developing its efforts to service debt normally) look like a relatively calm and quiet period", he said.

ble" process of politicisation, which was creating strong pressures in debtor countries for more radical approaches to lightening the debt

"How do you explain to a society that has endured this (economic) adjustment process so admirably,

MR Jesus Silva Herzog, Mexico's almost stoically, that you need even Finance Minister, yesterday delivered a strong warning that the US plan to ease the developing country debt crisis was inadequate.

more sacrifices in order to compensate for falling oil prices so that we can continue to pay historically debt crisis was inadequate.

He said the proposals elaborated last year by Mr James Baker, US regularly," he told a symposium Treasury Secretary, for alleviating sponsored by the Inter-American the problem focused mostly on Development Bank. We are going through an emergency – a very real one – which, if not acted upon with speed and wisnot properly address the urgent is-

Under the proposals, commercial banks have been asked to lend country debtors over the next three years, while that would be matched by a similar net contribution from Mr Silva Herzog said the debt multilaterial development banks, problem had ended on an "irreversi-

The total inflows would only be enough to cover a third of the inter-est bills accumulated by those debtors on their foreign debt. Mr Silva Herzog said they thus faced a need to generate huge trade surpluses on a permanent basis.

Continued on Page 18

# Exxon must refund \$2bn to customers

controls. The fine is believed to be the largest civil judgment in US

The Exxon case is the biggest of

The US Supreme Court yesterday refused to hear Exxon's appeal against a lower court ruling that between 1975 and 1980 it overcharged buyers of oil from the Hawkins field in east Texas, which it operated for about 2,500 companies and wealthy individuals. The Supreme Court decision not Hawkins field in east Texas and

to hear the case is a bitter blow for has always argued that even if it and unfair." Mr Clifton Garvin, Exxon's chief executive, said yesterday he was "extremely disappointed" with the Supreme Court ruling.

The key issue in the long-running Hawkins field in the 1970s was sub- panies, would be about \$1bn. ject to federal price controls as "old" oil or could be defined as "new" oil the amount which could be pro-Continued on Page 18 duced free from price controls.

Exxon argued that the Depart- programmes at state level. ment's allegations were based on a

EXXON, the world's biggest oil retroactive interpretation and applicompany, will refund more than cation of federal price controls tak-52bn for overcharging for oil from a en long after Exxon and its part-Texas field during a period of price ners had invested money in increas-

> more than 4,000 actions brought by the US Department of Energy to setle cases of evading oil price controls introduced after the 1973 oil crisis. About 500 cases still have to be settled and Wali Street analysts believe yesterday's Supreme Court decision will put pressure on other companies to settle promptly.

Exxon, which had argued that the was found guilty it should only pay The court has not accepted this position and it is expected Exxon will reclaim some of the fine from the other owners of the field.

Exxon has already fully provided legal battle between Exxon and the for the fine and said yesterday it ex-US Department of Energy was pected its net loss, after recovery of whether much of the oil from the taxes and claims against other com-

Because it is impossible to know which customers were overcharged by Exxon, the \$2.1bn will be distri-

buted through energy conservation Mobil improves, Page 19

# British Telecom cleared to purchase 51% stake in Mitel

BY JASON CRISP IN LONDON

market share in Canada.

The decision was made by Mr Leon Brittan, who resigned as UK
Trade and Industry Secretary on
Friday. He rejected a proposal by
the Monopolies and Mergers Commission (MMC) that BT should not
be allowed to supply Mitel equipment in the UK from the heginning. of next year.

The commission's report on the

BT's proposal last May to buy a

51 per cent stake in Mitel for £180m

(\$250m) was referred to the commission at the end of June. Mitel,

old, published yesterday, concluded that the bid was not in the public in-terest but that it should be allowed thought it should not be allowed to proceed as the conditions could not be effective.

BRITISH TELECOM can go ahead which the commission says is in number of issues raised by the rewith its plan to buy a 51 per cent stake in Mitel, the Canadian telecommunications manufacturer, but it will be subject to a ceiling on its market share in Canada.

The Albachier of Canada.

nent in the UK from the beginning over. These are expected to be broadly similar to those proposed by the commission, except that they will set a ceiling to the quantity of Mitel products which BT may sell in the UK Last night BT said: We to go ahead subject to a number of hope to determine as soon as possi-strict conditions. One of the five members of the commission an acceptable basis for the acquisition to go ahead." Professor Bryan Carsberg, director general of the Office of Telecom-

munications, said he would be as-

those conditions. He said he was

giving urgent consideration to a

port and warned: "If I become con-vinced that competition is failing to become effectively established, after a reasonable time has been allowed for the purpose, I would have to consider more fundamental op-tions, possibly involving further refrence of the issue to the MMC."

The commission found that the

proposed takeover would seriously affect both the British manufactur ers of PABXs which are mainly sold to BT and the independent distributors, which in many cases depend on Mitel for a large part of their It warned that if existing tele-

lost the ability to compete on fair terms with Mitel they might withdraw from the PABX market. "This would clearly be seriously detrimental to the public interest in maintaining a competitive telecom munications industry based in the sisting and advising the OFT on UK," it said.

Details, Page 7

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Telecoms: GTE opens big Sweden: why Cardo is door for Siemens ...... 12 fighting Volvo bid ...... 19 Editorial comment: Mrs Energy efficiency: Thatcher; British press . . 16 Survey . . . . . Section III

**Christian Democrats** 

### **Portuguese** decline to break mould of politics

PORTUGUESE VOTERS have celebrated their release from 60 years of military heads of state by rejecting the eccentric fringe of politics, Threequarters of them opted in Sunday's presidential election either for the conservative Prof Diogo the conservative Prof Diogo Freitas do Amaral or the democratic socialist Mr Mario Soares—two men who stand on opposite sides of the fence yet represent what is commonly understood in the West as standard party politics.

The Right was unable to give Prof Freitas do Amaral the more than 50 per cent of the

more than 50 per cent of the vote he needed to win outright. but it showed that it is a force to be reckoned with. His 46.3 per cent was the largest vote won by a candidate of the Right won by a candidate of the Again since Portugal became a democracy in 1974. He took more than 2.5m votes against Mr Soare's 1.44m. This

is a sign that almost half the electorate wants both a sedate father figure in the presidency (an office with no executive powers) and harmony between head of state and head of government after nine years of erosive confrontation under Gen Antonio Ramalho Eanes. The Social Democrat leader.

Prof Anibal Cavaco Silva, put his party machine and his clout hard-headed, reformist Prime Minister at the disposal campaign. To a large extent, a



Prof Freitas do Amaral:

vote for the sober Prof Freitas do Amaral, who once ran Portugal's Christian Democrats and was president of the European Christian Democrat Union, was a bid for the survival of the four-month old minority government of Prof Cavaco Silva. The administration has promised sweeping liberalisation but has had to await the

outcome of the presidential has been long delayed and is Prof Freitas do Amaral will not yet quite finished. co-ordination between presidency and government as designed reactor, however, is an important selling point in to start in two months, it was the campaign for the run-off announced last week. A new transmission cable is also to be hoping to dissuade moderate voters from switching to the genial, charistmatic Mr Soures. Romania and on to Bulgaria. The latter's only chances lie in frightening moderate voters on his right and—even more diffi-cult—capturing more militant voters on his left.

Last Sunday Mr Soares

proved he can fight enormous odds and regain lost status. Helped by a well-run cheerful campaign, he doggedly worked his way up from the bottom of the opinion polls to runger-up. overtaking two candidates who rearned to oust him and his loyal Socialists from their tenaciously-held position at the forefront of the democratic

But to succeed in the run-off on February 16 Mr Soares must either win over 27 per cent of the electorate that voted for the other two candidates Mr on the country's finances. Francisco Salgado Zenha or Ms government officials told Reuter Maria de Lourdes Pintasilgo, or the 24 per cent who abstained, or scare moderate Social Democrats into thinking a vote for his opponent is a vote for the return of extreme-right-wing

hegemony.

He will have a fierce fight. But Sunday showed that the valiant fighter still charms voters with his middle of the unswervable democratic Meanwhile, Sunday brought

resounding defeat for eccentric or ambiguous designs on the presidency. The electorate rejected the populist, confused left-wing theories of Ms Pinta-silgo, who saw herself as teacher of the people and political parties. She gained barely 7 per cent of the vote.

Moderate voters also blocked the bid by Gen Eanes, his wife and a few left-wing military to scuttle the Socialist party in favour of the movement they formed last year, the Democratic Renewal Party (PRD), place a friend in the presidency, and impose united fronts rather than ordinary parties on Portugal.

Gen Eanes fielded Mr Zenha, a renegade Socialist lawyer who was once close to Mr Soares.
This was apparently supposed to
draw the Socialist vote but
failed to do so. Mr Zenha instead attracted the 15.6 per cent Communist vote plus about 4 per cent, showing that the 18 per cent of voters who chose the PRD in last October's reneral election rejected the Eanes-Zenha machine, and that the electorate as a whole repudiated politics ghost-written by a family that seemed to be developing a taste for dynastic rule.

POSITION OF THREE COUNTRIES UNCERTAIN

# EEC sets date to sign reform deal

MEMBER states of the Euro- today in a final effort by the before the measures can be that if Denmark says no . . . it pean Community will go ahead Danish Government to win incorporated in the EEC conwill be seen as a no to conwith formal signing of their approval of it without holding a stitution.

The signature date for a cereparticipation in the European community," he said. though three of the 12 may still is expected to hold the referent on the ready to do so.

Denmark, Greece and Italy have yet to clear the way for unanimous agreement on the measures, intended to speed up liberalisation of the common final answer by February 15. market and extend the role of after consulting its national the European Parliament in parliament.

EEC law-making, as well as reinforcing political co-operation.

The Greek position remains ambiguous, but the Government inforcing political co-operation. ambiguous, but the Government All the final reservations on is apparently opposed to any points of detail were lifted by signing ceremony which does the EEC foreign ministers yesterday, including British doubts about moves to have more Community standards for safety at work and social legislation.

The Danish Parliament is due to vote again on the package

Moscow to

for Romania

cent over the next five years. It

will do so under an agreement

that also foresees faster growth in general trade than between

Details of the accord, signed

Sharply increased Soviet trade

with, and oil sales to, Romania could have significant conse-quences for the latter's maverick

foreign policy. It comes at a time when Moscow is facing an oil production crisis at home,

curtailing further increases in

sales to other East European

allies, and limiting expansion of two-way trade in 1986-90 with such loyal allies as Bulgaria and

East Germany to 30-40 per cent.

be highly welcome to Romania,

where last autumn President

Nicolae Ceausescu ordered army

officers into-coal and hydro-

electric power stations to pre-vent a recurrence of last winter's energy crisis. The chief

weakness in Romania's energy sector, which has a variety of fossil fuels, has been that it

generates no nuclear power. Construction of a Canadian-

designed reactor on the Danube

Preparatory work on a Soviet-

Soviet leverage over Romania

will depend partly on the terms on which the latter is to

receive its increased oil.
According to the Budapest
report, the Soviet Union said
it could have delivered more

oil than the 2m tonnes shipped last year, had Romania had more "suitable Romanian

goods for payment in exchange." This implies that, at

the very least. Moscow is not

softening the terms of trade.

Dutch oil concern

Dutch cabinet ministers are to

meet today to consider the effects of plummeting oil prices

in the Hague. Dutch natural gas

sales account for 15 per cent of government income, and prices

are linked to the price of crude oil, which has fallen by a third

Soviet energy assistance will

boost oil

The Greek position remains ambiguous, but the Government

—as a tribute to the govern-ment which chaired the reform conference—was insisted upon by Mr Hans van den Broek, the Dutch Foreign Minister, overriding the Greek objection. It will keep up the pressure on Italy to drop its reservation, and is intended to underline the support for the reforms before the Danish referendum. Mr Uffe Ellemann-Jenson, the

Danish Foreign Minister, said his government would be trying again today to win a vote in favour from Parliament, after his fruitless attempt last week to persuade other member states to renegotiate the package. "The other member states

He tried to answer Danish fears that the reforms would undermine the country's high environmental standards by insisting that these could be maintained "if it is not hidden protectionism." On the extended involvement of the European Parliament, he said this did not mean any increase in real power for its elected members.

The final British reservation placed by Mrs Margaret Thatcher, the British Prime Minister, in Luxembourg was lifted after the reform text was amended to protect the develop-ment of small businesses from unanimous and then ratified by 'The other member states excessive administrative and all 12 national parliaments, have made it abundantly clear legal constraints.

# Sweeping government changes made by Bulgarian leadership

THE BULGARIAN authorities the central committee and have carried out a major re- Minister for Mechanical shuffle of senior personnel and Engineering. THE SOVIET UNION is to step up oil supplies to Romania, hitherto its least dependable Warsaw Pact ally, by 250 per shuffle of senior personnel and sweeping administrative changes in advance of the Communist party congress in April, Altogether, nine

officials have changed functions, four ministries have been dis-Moscow and any other of its banded and three powerful councils set up. Three senior party members lose their jobs late last month and calling for a 65-70 per cent increase in twowhile several others have been given different or higher responway trade in 1986-90. 2re announced last week by the head of the Soviet trade delega-tion in Bucharest, and disclosed in a Hungarian radio report. sibilities.

Three councils of superministries have ben established.
They will have considerable powers cutting acros ministerial lines of authority and with direct control over institutions and companies in their related fields. They will also have "wide economic independence,"
while at the same tie being
relieved of "unimportant and
petty problems," the Bugarian
news agency (BTA) said yes-

the politburo and secretary of

A council for science, culture

and education will be headed by Mr Georgi Yordanov, a candidate member of the politburo, who is relieved of his post as a deputy chairman of the Council of Ministers. A council for social affairs will be headed by Mr Georgi Kamanarev who is also relieved of his job as a deputy chairman of the Council of Ministers and looses his job as Minister for Internal Trade.

The Ministry for Construc-tion has been dishanded, as have the ministries for Foreign Trade, Internal Trade, and for Supplies. They will now form part of an expanded super-Ministry of Trade and Material Resources headed by Mr Hristo Hristoy, until now Minister for Forsion Trade Foreign Trade. Mr Stoyan Markov, candidate

member of the politburo, has been appointed first deputy A new council for economic Ministers and chairman of a Council of Council for economic Ministers and chairman of a new State Committee for Ognyan Doynov, a member of Research and Technologies. Mr Choudomir Alexandrov,

tipped as a possible successor to Mr Todor Zhivkov, the party leader, has been relieved of his post as first deputy chairman of the Council of Ministers to become a secretary of the power-ful central committee.

The main casualties of the reshufile are Mr Todor Bozhinov who loses his jobs as deputy chairman of the Council of Ministers and as Minister for Supplies: Mr Stanish Boney, who loses his member of the Politburo; and Mr Grigor Stoichkov who loses his job as Minister for Con-struction. Mr Bonev was replaced late last year by Mr Iran Iliev as head of the State Planning Commission. Western diplomats say that

the changes are part of the authorities' efforts to overcome difficulties in the economy and in industry, and to have a clean slate by the time of the Communist Party congress due to start on April 2. They want to have a forward looking conabout changes in personnel,"

# Italian party chief in Moscow

BY JAMES BUXTON IN ROME

leader, Mr Alessandro Natta, counterpart.

yesterday had a meeting in Only a small Stalinist acceptable face of the Soviet Moscow with Mr Mikhail minority of the Italian party Communist Party, and his succeptable, the Soviet leader, which observers here believe could lead to better relations The rest of the party mainbetween the Party and the tained a polite aloofness, and party. Now it is the Stalinist the only visits to Moscow by wing of the party which is Soviet Union.

of Afghanistan in 1979 and the Chernienko.

Cow that needs to be patched imposition of martial law in But the arrival of Mr up and that relations between Poland in 1981 caused a distinct Gorbachev in power last year the two Communist parties have but subtle disengagement of has changed matters. He is always been correct.

THE ITALIAN Communist the Italian party from its Soviet considered among the Italian

the only visits to Moscow by

wing of the party which is watching Moscow with suspicion.

Mr Natta's entourage insists Mr Natta's is the first official party leaders were for the visit by an Italian Communist Since then, the Soviet invasion

He only visits to leaders were for the watching Moscow with suspicion.

Successive funerals of the suspicion.

Mr Natta's entourage insists Yuri Andropov and Konstantin that there is no rift with Moscow that needs to be patched.

# Voest-Alpine accused over Iran

BY OUR VIENNA CORRESPONDENT

VOEST-ALPINE, Austria's state- weapons subsidiary, agreed last competitors and foreign secret owned steel, engineering, elec- year to sell Iran 600 howitzers services. tronics and trading group, is being rocked by scandal following allegations in Basta, an Austrian monthly magazine. Iran through Libya which that it has sold artillery to Iran would be listed as the official thereby breaking Austria's end-user. The magazine claims neutrality law which forbids the that its information came from sale of weapons to countries in a Noricum official who took part conflict.

ordered the state prosecutor to investigate the charges.

in the negotiations for the deal.

Mr Franz Summer, Voesthe said.

Albine's spokesman vesterday

The Iranian embassy also The company denies the allegations but Mr Karl Blecha, the Interior Minister, has rejected the allegations saying

that the company which is currently negotiating a large was designed to act as a smoke The magazine alleges that weapons deal with India was screen Voest-Alpine's the target of a campaign by weapons exports to Iraq

This is a story fabricated by some competitors or a foreign secret service. We don't have a contract for delivering howitzers to Iran. We think that it is targeted to undermine the reputation of Voest-Alpine and of the whole

denied such a deal existed, but it fuelled further speculation by suggesting that the story to hide Austria's

### European security talks intensify

FOREIGN MENISTERS Hans Dietrich Genscher of West Germany and Roland Dumas Germany and Roland Dumas of France, are to address the European Security Conference here today, amid growing signs that it may produce the first important East-West arms accord since the unratified US-Soviet Salt 2 treaty of 1979.

The visit of the two ministers spotlights the intensified

sters spotlights the intensified high-level attention being focused on the conference. In

focused on the conference. In is also seen as another indication of the two countries desire to develop a joint approach on security issues.

President Ronald Reagan said last week that he believes the Conference will produce "an accord with important implications for the overall East-West relationship" before the end of the year. His remarks followed a statement by Mr Mikhail statement by Mr Mikhull Gorbachev indicating possible relaxation of Moscow's nego-

tiating position.
Unlike the difficult bilateral nuclear arms control talks in Geneva, the 35-nation Stockholm negotiation deals with relatively tractable "con-fidence-building measures" aimed at reducing the risk of war breaking out in Europe as a result of accident or mis-

calculation.
Such measures would inciude advance notification of the size and scope of military manoeuvres as well as obser-vation and verification procedures. The most difficult sticking points are the scope of the measures and methods of verifying them.

Mr Gorbachev softened Moscow's demand that both manoeuvres be added to the land-based exercises which would be notifiable under an agreement. Sea manoeuvres could be considered at a later date he said earlier this

Mr Reagan reiterated the position that the agreements must be properly verifiable—one of the negotiating priorities of the Nato delegations.

The Stockholm talks are part of the process initiated by the 1975 Helsinki accords. and have until September to reach a unanimous final agree-

reach a unanimous final agreement
Maita's Foreign Minister,
Mr Alex Trigona, is also
scheduled to address the conference today—an appearance
which may signal a potentially troublesome campaign by
the Valletta government to
include further measures or include further measures on "Mediterranean security" in the final accord.

in final agreement at earlier talks in Madrid

### **Inquiry** into Swiss finance company opens

By William Dullforce in Genev THE BASLE public prosecutor has opened an inquiry into the affairs of Andre Piumey Finance SA following complaints from in-

The inquiry involves funds amounting on a preliminary estimate to almost \$160m placed with the finance company by between 1,200 and 1,300 investors, many of them foreign, the prosecutor's office said.

The funds are alleged to have been invested heavily in mining and oil operations in the US state of Colorado, through companies based in Mr André Plumey himself has not been seen at his Basie home since December. The prosecutor's office yesterday imposed an embargo on the issuing of further information

brought in by the Socialists for the pitfalls that lie ahead. Her forceful views, beaming smile and often malicious tongue make her a natural television

> Because of her reputation for "king-making" in the 1970s, she is now said to be manoeuvring in support of Mr Barre in his presidential ambitions. It is a charge that annoys her but there is no doubt that she be-lieves that of the candidates around. Mr Barre would make the best president.

for seeing too much in black and that she believes France needs a strong government is to carry through a more fundamental de centralisation that would give the country an almost Federal structure.

support of strong government is the urgency she attaches to France and Europe taking de-cisions that would give them a manned space shuttle capability. She believes that Europe's investing in a space capability is as important now as was the National Assembly—just enough as important now as was the for her to use the parliament acquisition of a nuclear deter-

unite in largest W. German state THE FORCEFUL, and ambitious to 37 majority, and only after he had agreed to step down Mr Kurt Biedenkopf is once again poised to become a major force in Christian Democrat ne had agreed to step down after two years. His successor will probably be Mr Dieter Pucthofen, the sieck and youthful mayor of Krefeid. Already head of the Runcland CDU, Mr Pucthofen was Mr Bredenkopf's main challenger for the orland met and agent

ing West Germany's most populous state of North Rhine Westphalia. for the enlarged post, and will be the latter's deputy until The deal was struck - not 1988. In Bonn the success of Mr. without much controversy — at a meeting in Gelsenkirchen of Biedenkopf will be greeted with mixed feelings. No triend of Chancellor Helmit Kohl (who groupings in the state, covering the provinces of the Rhineland and Westphalia to the northfailed in an attempt to shunt him off to the Brussels Commis-sion Presidency in 1984), he has signalled his desire to re-turn to the Bundestak and the After the two have merged later this year, Mr Biedenkopi will head a federation boasting 270,000 paid up members, by far the largest CDU organisa-tion in any German state, connational political stage, where his outspoken, pepperr style could create problems for the

could create problems for the Government, assuming it is returned to power at the federal election in a year's time.

Opinion polls, giving the present centre right coalition some 52 or 53 per cent of the national vote, suggest that is a strong likelihood. Even so, the Chancellor badly needs an improved performance in North imbuting 40 per cent of the delegates to the national party An overhaul of the CDU in North Rhine Westphalia be-came inevitable after the party's calamitous showing in the state election last May, when the opposition Social Democrats opposition Social Democrats won an outright majority there improved performance in North Rhine Westphalia, and a cohesive party machine there is a vital prerequisite. and the CDU vote crumbled to

Whether this can be achieved will depend on a combined congress of the two parties to be held in Dusseldorf in March. This will show whether the somewhat fragile understanding between Mr Biedenkopf and Mr persisted to the end.

Puetshofen can be turned the Biedenkopf, 56 today, was an enduring compromise.

### Peres seeks Bonn's help in Mideast peace process

BY OUR BONN CORRESPONDENT

only 36.5 per cent. Squabbling between the two

sister parties was held to have been in good measure respon-

sible for the dehack—but as the protracted and often ill-

tempered discussions in Gelsen-kirchen showed, the rivalries

politics here, following the weekend agreement for him to

be the first chairman of a single CDU party organisation cover-

conference.

AFTER a private visit yester- important frading partner after Minister began two days of talks with West German leaders which both sides hope will lead to a further normalisation of ties between the two countries. The three-day official visit by Mr Peres is the first by an Israeli Premier here for II years. His main estensible pur-pose will be to enlist as great a support from Bonn as possible for Israel's strategy for a Middle Eastern settlement.

the Israeli eronomy.
Little detail emerged last night of his first brief round of talks with Chancellor Helmut Kohl. A further three hours of discussion between the two bills are scheduled for today, during of the state of Lower same, which delicate topics including Mr Peres spoke of the "new Germany" which had emerged the state of Lower same are 40 years. posed by Libya and means of in the past 40 years.

protecting Israeli farm exports, threatened by the enlargement of the Community to embrace the rival agricultural producers Germany this week between Mr.

and for its efforts to strengthen

of Spain and Portugal.

day to the former concentration the US, can wield great sway camp of Bergen-Belsen, Mr in Brussels. Overall the Com-Shimon Peres, the Israeli Prime munity is far and away the largest outlet for Israeli goals abroad, taking 76 per cent of its farm exports alone.
At the same time, the West

German side will be hoping to allay Israeli hostility to the mooted delivery by German companies of a DM 7bn (£2.1bn) weapons plant to Saudi Arabia

— news of which last October drew bitter criticism in Israel. But no visit by an Israeli politician can escape the shadow of the just. Mr Peres was visibly shaken by the site of the former Bergen-Belsen camp north of Hanover, where at least 50,000 people died. At a lunch afterwords offered by Mr Ernst

Peres and Mr Hosni Mubarak. Mr Peres is convinced that the Egyptian President due for Bonn, his country's most a separate visit on Thursday.

### Turkish opposition urges political prisoner amnesty

TURKEY'S main opposition 30 years' imprisonment and party yesterday introduced an replacing life imprisonment Amnesty bill in parliament that sentences with a maximum 24seeks the release of political prisoners along with many jailed common criminals.

The social democrat Populist

The social democrat Populist Party, the second largest in parliament after Premier Turgut Ozal's ruling Motherland Party, called for the release of people serving sentences of 10 years or less for common crimes or who have been convicted of non-violent political crimes political crimes. political crimes. prisoners have been released in addition, it calls for and according to official figures reducing all death sentences to about 15,000 remain in prison.

year sentence. There are about 40,000 imprisoned common criminals who stand to benefit from an

amnesty, officials estimate. More than 30,000 people were arrested as suspected terrorists or accomplices after the mili-tary seized power in 1980-following years of violence that had claimed 5,000 lives. Since the coup, many of the political

David Housego describes a one-woman campaign to preserve the power of the presidency

# Siren warnings for French of election's hidden threat

formidable lady who believes that the French have not fully taken stock of the fundamental changes to their institutions that could result from the March Parliamentary election. She is thus campaigning at the head of a political movement she has formed herself to warn them of the dangers.

MRS Marie-France Garaud is a

With her elegant, precise, headmistress style, Marie-France Garaud had the reputation of being "the most powerful woman in France" in the 1970s. She was a close adviser to President Pompidou, managed Mr Jacques Chirac's takeover of the premiership, helped Mr Giscard d'Estaing obtain the presidency, and cut short the career of Mr Jacques Chaban Delmas as Prime Mini-

ster. Her access to French leaders including President Mitterrand. her determination and charm still make her an influence to reckon with—as is reflected in the willingness of French business to finance her campaign. belief that Mr Mitterrand running of the television king will be should resign if the Socialists networks. The fireworks over nonentity."

the French public by distancing are roundly defeated in March. the television networks will Mrs Garaud herself from the political parties. She believes that the preoccupy the media over proportional

has of treating politicians as overgrown schoolboys. Mrs Garaud believes that

mrs Garaud believes that
"cohabitation"—the probable
sharing of power after March
between a left wing president
and a right wing National
Assembly—will rob France of
firm government and damage
the office of the president.
Streams that Mr. Chiraca Mr. She says that Mr Chirac, Mr Giscard d'Estaing and President Mitterrand are all in favour of it because they have a joint

interest in preventing a presi-dential election in the short term in which Mr Raymond Barre, the most popular of the opposition leaders, would be the winner. "If Chirac was in the lead in the public opinion polls," she says, "he would be pressing

now." As it is she claims that

all three "want to avoid a presidential election until they judge their own chances have improved."

for a presidential

Mrs Garaud believes that proportional representation and the party manoeuvring this will encourage and not provide for long-term political stability. The logic of such changes, she says, would be for France to move eventually to a US-style presidential system

from being directly elected and whose political power is called into question by a major is that it would do irreversible reversal in a parliamentary election or a referendum.

Mrs Garaud believes that a to think that cohabitation will

moment when it is needed.
"Policy making would be reduced to the type of posturing Mrs Garaud shares Mr Barre's not fundamental such as the

president is the pivot of the several months... but it will institutions of the Fifth not be governing. It will be Republic whose authority stems gesturing." But for her the most serious consequence or "cohabitation"

divided executive authority be a parenthesis and that after-after March would deprive wards you can go back to the status quo ante," she says. "But it is not so. If the President's power is substantially reduced. if he is 'put in a cupboard' as that now takes place on the international stage," she says.
"There will be spectacular conflicts over issues which are not fundamental such as the cept of the office restored. The king will be reduced in a king will be reduced to a nonentity."

Mrs Garaud believes that the

the parliamentary elections and the manoeuvring that this will encourage amongst political parties and their leaders will not provide for long term poli-tical stability. The logic of such changes, she argues, would be for France to move eventually to a US style Presidential system in which the post of prime minister would be suppressed and the govern-ment would no longer be responsible before the National Assembly. But she is against such a development herself.

After years of wielding power from behind the scenes, Mrs Garaud first moved to the front of the political stage when she stood as a presiden-tial candidate in 1981. By then she was disillusioned

dith Mr Giscard d'Estaing as too "wishy-washy." As a conserva-tive with a strong streak of anticommunism, President Mitterrand had no attractions for her. In the March election she hopes to lead a small group of perhaps three deputies in the representation to project her siren warnings on rent in the 1950s,

star.

She is sometimes criticised

Another reason she cites in

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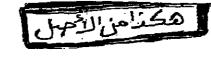
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# Radical economic policy changes on way in Singapore

high-powered SINGAPORE'S high-powered Economic Committee yesterday blamed weakness of domestic demand for the slowdown in the country's economy, which contracted by 1.7 per cent last year. The committee is now expected to recommend radical college changes which only a policy changes which only a few months ago would have been unthinkable.

The first instalment of the committee's special report on the state of the economy, released yesterday, laid responsibility for the weak demand on a sharp decline in construction and on an excessively high rate of national savings that could not be channelled into productive investments. The full report is to be published next month.

Brig Gen Lee Hsien Loong, the committee's chairman and son of Prime Minister Lee Kuan Yew, offered little hope of immediate recovery. "It is true," he said yesterday, "that it is necessary for us to accept a lower standard of living in

The committee also warned declines in international com-that, unless the Government petitiveness and profitability adopted decisive measures, the resulting from rising labour adopted decisive measures, the resulting from economy would continue to and other costs. deteriorate.

Gen Lee said that Singapore's rate of national savings, which as 42 per cent in 1984 was the highest in the world, would have to fall in the sbort-term.

The economy faces a drop in construction spending to S\$7bn (£23bn) this year from S\$11bn in 1984. The gap in domestic spending, the report said, could not be made up by increased investments in equipment and

The report also found that up in the fund as they wished, Singapore's very high rate of although this would have to investment in property develop-ment and construction was a substantial misallocation of instruments and facilities, resources. Between 1981 and Gen Lee, however, virt grew by 24 per cent annually, strong Singapore dollar saying compared to a 3 per cent that it would not solve the



Gen Lee: lower standard of

machinery and other equip-

Previous statements had emphasised the weakness of the economy resulting from declines in oil and marine-related industries and from

Gen Lee said that recommended policy changes would touch the Central Provident Fund (the government's compulsory saving system), tax law and wages, and would involve further measures to boost investment in Singapore.

Attention has recently focused on a possible reduction of the rate of employers con-tribution to the fund, which has dramatically driven up labour costs. Singapore citizens would also be given more dis cretion to invest savings built wait until the financial services industry responded with new

Gen Lee, however, virtually annual increase in investments nation's economic problems and in transportation equipment, could spark inflation.

### Proposals to cut taxes welcomed by business

BY CHRIS SHERWELL IN SINGAPORE

BUSINESSMEN, bankers and of Singapore's statutory boards, economists in Singapore have which include the Telecomreacted enthusiastically to a munications Authority, the rudical proposal that the Government tap the huge Port of Singapore Authority surpluses of its statutory boards • Wong Sulong writes from in order to slash taxes and offer Kuala Lumpur: Mr Tan has more attractive incentives to

local and foreign businesses. The recommendation came last week from a panel of experts in a report to the Economic Committee. Brokers said the panel's encouraging report greatly cushioned stock market worries over the recent changing of Mr Tan Koon Swan, the Malaysian businessman and political leader.

The panel proposed an immediate slashing of corporate tax rates from 40 to 25 per cent or, alternatively, a graduated reduction along with an equivalent cut in personal income tax rates. It recomincome tax rates. It recommended a concessionary 10 per
cent rate on offshore income
and a cut in withholding tax to
Malaysian Chinese. 15 per cent. These rates are currently 40 per cent.

the panel's call for proceeds pore marine salvage, property from managing funds in Singa- and hotel group, in allegedly pore to be treated as capital committing criminal breach of

pore to be treated as capital commuting criminal breach of gains, subject to zero tax.

The panel argued that the tax breaks would stimulate economic activity through a supply side effect and, over a couple according to a company and the board, effective January 25, and the content of the company and the content of the of years, generate more govern-ment revenues. To help cover the interim deficit, it points to not explain the resignation, and the surpluses—said to amount to well over US\$1bn in cash— yesterday were unsuccessful.

offered to resign the leadership of the Malaysian Chinese Asso ciation (MCA), but the party's central committee unanimously

rejected the offer. Dr Liong Liong Saik, MCA deputy president and a Cabinet Minister, said that Mr Tan's resignation letter had been rejected because he was democratically elected as party leader and the party still has full confidence in his leadership.

However, observers say the rejection was a typical Chinese way of saving face and that it was only a matter of time before the MCA had to accept the fact that Mr Tan may no be able to remain an effective political leader of the 5m

Mr Tan is facing five charges of abetting a director of Pan-Of particular importance is Electric Industries, the Singa

according to a company announcement reported by AP-DJ in Singapore. Pan-Electric did

### Use summit to show off Japan, says **Nakasone**

By Jurek Martin in Tokyo

NEXT MAY's economic summit in Tokyo should be used as an opportunity "to show
Japan off to the rest of the
world," according to Mr
Yasuhiro Nakasone, the
Japanese Prime Minister.

In a policy speech on the opening day of the 194th session of the Diet (parliament), Mr Nakasone, always a strong nationalist, suggested, in effect, that the internationalisation course on which Japan is embarked need not flow only one way, from the outside world to

"In our zeal to assimilate foreign cultures and ideas. we have sometimes been derelict in our duty to help the rest of the world benefit from our Japanese ideas and cultural heritage," he said. "There is a new need today to make a major effort to explain Japan overseas and

to assist other peoples wanting to know more about Japan prerequisite to this, we must be able to look objectively at our own civilisation and make an effort to know better." ourselves

Mr Nakasone's speech broke no new policy ground. He committed his Govern-ment to what he called "aptly flexible economic management," a catch-all phrase that embraced fiscal austerity, tax reform, marketopening measures and boosts to domestic demand. He introduced no new specific pro-

posals, however. But he consistently harked on the need for Japan not to neglect its own "spirtual wealth," nor to be afraid of displaying it. either to visit-ing heads of government in Tokyo summit elsewhere.

But Mr Nakasone also spoke of the need for "a thorough going review" of Japanese development since the war. This, he said, should "look afresh at the various distortions which have crept into our basic systems and structures so that they can be rectified in preparation for

the 21st Century."

By this, he is generally thought to mean administrative, fiscal taxation, and edu-cational reforms. However, his critics believe they can see a darker purpose in that the Prime Minister wants a return to at least some of the extremely nationalistic attitudes prevalent before the last world war and that is a pre-condition for achieving this.

As it is, the parliamentary session is likely to be quickly practical, rather than ideological, issues, such as more denationalisation (the rail-ways) and, most politically sensitive, electoral reappor-

Mr Nakasone contends that unless constituency sizes are changed to reflect the drift to the cities, the next general election will be declared invalid by the supreme court. More immediately worse, he claims that without a new bill be will not be able to dissolve parliament and call a general election.

Agreement on how to redress the electoral imbalances could not be found last year and may not be easy to Japan's preliminary indus-trial production index (base 1980) rose 0.7 per cent to a seasonally adjusted 122.1 in December from 121.3 in November when it fell 1.1 per cent from October, the Minis-try of International Trade and dustry said, Reuter reports

from Tokyo.
The preliminary, unadjusted
December index rose 1.7 per cent from a year earlier

Stephanie Gray reports on the guerrilla leader with a reputation as a Robin Hood

# Ugandans have high hopes at last for peace

leader of Uganda's rebel National Resistance Army (NRA), has a reputation in the countryside as something of a Robin Hood. After 15 years of bloodshed, war weary Ugandans have high hopes that the enigmatic 40-year-old warrior will at last bring peace and stability to what was once Britain's most prized colonial possession in

Past experience of new regimes in Kampala should by now engender suspicion and cynicism among Ugandans, but their optimism this time round veni, a former Defence Minister in the lame coalition that succeeded the brutal dictatorship of Idi Amin, has gained a reputation for instilling discipline and fairness among his 10,000 troops who have governed the south and southwest of the country since last

This was borne out at the weekend when, having taken Kampala, his troops failed to go on the usually obligatory rampage of looting and killing.

A member of the Banyonkole people of south-west Uganda, Mr Museveni is a guerrilla fighter of long experience. While studying political science and economics in Dar es He has won many admirers
Salaam in the late 1960s, he but some are wary of Mr Muse-



Army yesterday took the country's second-largest town, Jinja, after capturing the capital, Kampala, on Sunday. western diplomats said in the capital yesterday. They said Jinja, the site of the country's main hydroelectric power station, fell after a fierce lunchtime battle in which the NRA forces were joined by a smaller guerrilla group, the Uganda Freedom Movement. The diplomats said the

to get the economy going asain.

There was no informatic; on the fate of Gen Tito Okello, chairman of the

veni's stress on "political awareness" and fear that society under the NRA will be regimented and authoritarian.

One diplomat said the interim government established by the NRA in south-west

capture of Jinja symbolised a major step in the NRA's drive

to be in the town before the guerrillas moved in. He had earlier called for his soldiers to regroup there.

Military Council who was said

The NRA said 6,000 government troops had surrendered on Sunday. Meanwhile. Kampala's elec-

tricity supply and telephone links have been restored but the airport at Entebbe, while in NRA hands has still not been opened. Traffic into Kampala has started moving in supplies and life in the capital is returning to normal.

On the horder with Kenya, security has been stepped up reflecting fears that retreating

capitalist basis, if it benefits capitalist basis, if it benefits our people."

Dr Samson Kisseka, an NRA spokesman, outlined the new ruler's priorities in an interview with the BBC World Service at the weekend. Education of the 30,000 unruly government troops was at the top of the list.

Most of the soldiers he said.

by the NRA in south-west Uganda included such posts as "Political commissar" and "Minister for Mass Mobilisation." But Mr Museveni insists that he is not a communist of any description, but a any description, but a top of the list. present being sold by the NRA most of the soldiers, he said, unofficially through neighbouring an interview published had little more than a primary ing Rwanda.

so that the soldiers could learn a trade and said the large numbers of barracks around Kampala should be relocated in the countryside so that the army could be productive in

agriculture sector. The ill-trained and often barbarous government army, whose criminal activities have often been sparked by having gone without pay for months on end, has been one of Uganda's major problems.

Mr Museveni has always maintained that it was the failure of Gen Tito Okello, the chairman of the Military Council, to control his troops last November he said: "We think what Uganda needs is development, even on a capitalist basic." If the guerrilla leader can now consolidate his control in the north and north-west (he

# **Ivory Coast budget up by 8.6%**

took off for Mozambique during his holidays to fight with Frielimo rebels seeking inde-

pendence from Portugal.

He has maintained links with

Mozambique's now ruling Frelimo Party which provided his men with training facilities

and enabled him to form and rapidly build up what was called

the Front for National Salva-tion. Mr Museveni also retains

close links with Tanzania.

BY PETER BLACKBURN IN ABIDJAN

ncrease in the 1986 draft budget approved by the Council of Ministers and submitted for ratification by the recently elected National Assembly.

Further growth is forecast

FURTHER indication of the 1985 reversed an almost 10 per Ivory Coast's recovery from its cent decline over the past three worst recession in 25 years is provided by the 8.6 per cent mainly due to excellent food and cash crops, including a record cocoa harvest, following

the return of good rains.
The rescheduling of mediumterm external debt due in 1984-1985 saved some \$1bn which this year after an estimated 5 was partly reallocated to clear per cent real GDP growth in arrears with local contractors

The Government has re-quested a further rescheduling over several years so as to release investment funds to help sustain a 4 per cent annual growth rate target.

The \$1.4bn 1986 draft budget includes a one-third increase in dollar terms in capital spending to \$304m and reverses last year's draconian cut of almost two thirds.

### Arafat in peace plan talks

MR YASSIR ARAFAT, chairman of the Palestine Liberation Organisation, continued dis-cussions in Amman yesterday with senior Jordanian officials on ways of carrying forward the joint peace initiative agreed last February.

The Palestinian leader is under pressure from King Hussein of Jordan and President Mubarak of Egypt to accept UN Resolution 242

which means PLO recognition

Israel continues to insist that it will never negotiate with the PLO, although Mr Shimon Peres, the Prime Minister, wants direct negotiations with King Hussein and possibly West Bank Palestinians who

PLO officials in Amman said sesterday they expected the talks to last until the weekend

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Notice is hereby given that on December 26, 1985, a merger (the "Merger") was effected pursuant to which Nicole Merger Company was merged with and into Revton, Inc. and each issued and outstanding share of Common Slock, par value \$1.00 per share, of Revion, Inc. ("Common Stock") was converted into the right to receive U.S. \$58.00 in cash. Pursuant to Article Four of the Indenture dated as of April 15, 1972 between Revion, Inc. and Manufacturers Hancer Trust Company, as Trustee (the "Indenture"), providing for the issuance of the 44 per cent. Convertible Subordinated Debentures due 1987 of Revion, Inc. (the "Debentures"), as of December 25, 1985 the Debentures were convertible at their principal were convertible at their principal amount into Common Stock at the conversion price of U.S. \$39.75 per share, equivalent to a conversion rate of 25.15723 shares of Common Stock for each \$1,000 principal amount of Debortures As a result of amount of Debentures. As a result of the Merger, pursuant to Section 4.07 of the Indenture the Debentures are now convertible into U.S. \$1,459.12 for each \$1,000 principal amount of

REVLON, INC. January 15, 1986

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### **Koch acts** on parking fine bribery scandal

By William Hall in New York

A WEEK is a very long time in the murky world of New York City politics. Last week Mayor Ed Koch was at the hospital bedside of his close political ally. Mr Donald Manes. the president of the borough of Queens, who nearly lost his life earlier in the month.

The mayor, who once said he would have staked his life

on the honesty of the 52-year-old Donald Manes, had hugged the Queens' Democrat and he lay in his hospital bed recovering from a mysterious suicide attempt. Now Mayor Koch describes Mr Manes, one of the city's most powerful Democratic politicians, as "a crook," and has urged him to resign.

Mayor Koch's decision to distance himself from one of his strongest supporters has not come a moment too soon. Mr Manes, who has run the borough of Queens for 13 years, has emerged as a central figure in the worst scandal to hit the eight-year administration of Mr Koch, one of the most popular mayors in New York history. Last week, Mr Manes' name

was linked to a growing scandal at New York City's Parking Violations Bureau (PVB), a city agency which collects parkfines. The agency is largely staffed by appointees of the Queens democratic organisation and is a major user of outside collection agencles to

collect unpaid parking fines. In its last fiscal year, 14 private companies collected \$45.8m (£33m) in overdue parking fines and received \$16.8m in commissions from the PVB. Last week, Mr Michael Dowd. a Queens lawyer and partner in a company which collects overdue parking fines, re-portedly told Federal investigators that Mr Manes had solicited bribes in connection with the granting of contracts to companies that collect overdue parking fines.
The accusations against Mr

Manes came shortly after Mr Geoffrey Lindenauer, one of Mr Manes close friends and the deputy director of the PVB, was arrested on charges of extorting \$5,000 from a debt collection agency in return for awarding

New York City is a big user of private collection agencies and in fiscal year 1984 they collected \$93.9m and were paid

# Savimbi's visit revives US debate over how to fight communism

ONE OF the longest-running which has bitterly divided liberals and conservatives, in Various proposals have been Congress and inside the floated in Congress, ranging Administration, is how far the from \$10m to \$15m (£10.8m) in US should help insurgents fighting Marxist governments around the world.

This time, for a change, the focus of debate is not Nicaragua focus of debate is not Nicaragua and the anti-government Contras, but Angola and the Unita rebels. The event that has brought Angola to the centre of public attention is the imminent arrival in the US of Dr Jonas Savimbi, the Unita leader, who is due to start a two-week visit today in search of both moral and search of both moral and material support for his cause.

The extent to which Dr for an African guerrilla leader." foreign policy debates of the Savimbi will win material Reagan Presidency is back on support, and whether any US the boil this week. The issue aid to Unita is covert or out in the open, is still unclear. covert aid to \$50m in overt assistance.

There is absolutely no doubt, however, that he will be vir-tually overwhelmed with moral support, both from the Administration and conservatives in

Dr Savimbi, who has been described as the "Che Guevara of the Right," will be feted by conservatives at every step. The welcome they are preparing, as the Washington Post put it at the week-end, is "unlike any-

He will receive the personal endorsements of President Ronald Reagan and Mr George Shultz, the Secretary of State. He will address conservative groups and think tanks, brief the State Department, the National Security Council and Congress on the state of the war in Angola, and make numerous appearances on national television.

To the conservatives, Dr Savimbi is a heroic crusader in the world-wide struggle against Communism. He is the embodiment of the kind of "freedom fighter" that should be given full American support under the so-called Reagan doctrine of backing anti-communist insur-gents in a bid to roll back Soviet world expansionism.

Dr Savimhi should be supaccording to this view, but because it is symbolic of the way the wider East-West ideological struggle should be conducted. Support for Unita is also a more general statement of US "resolve" and a signal of American strength to Moscow.

Many liberals believe that all this is not only mistaken, but dangerous. Others, in Congress, feel that they need to support Dr Savimbi to escape the dreaded charge of being "soft on Communism." The critics question Dr Savimbi's personal qualifications as an American hero, and they believe that to give him material sup-port will only make matters

ported not just because he is not a democrat, has been a fighting a Marxist government. Maoist and a Marxist when it suited him, has used vicious tacties in prosecuting his guer-rilla war and is a "stooge" of the South African Government Helping him would line the US up with South Africa, en-

dangering its friendships with other African countries, and only escalate the war. The Angolan Government's response would be to call in more Cuban and Soviet support. Dr Savimbi, they say, cannot win, and certainly not unless he gets far more US aid than anyone is currently thinking of giving him. Instead, Washington should be trying to woo the Augolan Government more It is also claimed that by siding with Dr Savimbi,

They say that Dr Savimbi is the US would abandon all not a democrat, has been a pretence of neutrality in the five-year diplomatic effort to bring a settlement leading to Namibian independence and disengaging the estimated 30,000 to 35,000 Cuban troops from Augola. That last charge carries some weight with the State Department, where Mr

> more public emphasis on moral than material support. Others have argued that covert aid for Unita would actually step up the pace of the diplomatic negotiations, by putting pressure on the Angolan Government to make concessions. All these issues are still being thrashed out. The pur-pose of Dr Savimbr's visit is to try to swing the outcome of the debate in his direction



Dr Jonas Savimbi: described as the Chr Guerata of the

Nicki Kelly looks at growing concern in the Bahamas over illegal immigrants

# Haitians flee by boat to escape poverty

THE 45-ft Haitian yacht Sainte Famille was crowded with 154 illegal immigrants when it was intercepted in Bahamian waters by the US Coast Guard last September. The leaking vessel with its mass of human cargo appeared no different from the hundreds of others which have become all too familiar along the 600-mile corridor between Haiti, the Bahamas and South Florida.

It was not until this month that a Coast Guard report revealed that during that nightmare journey between 30 and 60 refugees were thrown overboard by the crew
In the past three decades
thousands of Haitians have
risked their lives under similar

circumstances to escape their country's overwhelming poverty. Until very recently, their principal destination was the Bahamas.

Today one in six of the 240,000 people here is said to be Haitian — a condition that poses grave social, economic and political problems for this small island nation.

"What we are seeing is a modern day colonisation of the Bahamas by illegal immigrants," says the Minister of National Security, Mr Loftus Roker. Determined to expel all illegal aliens, the minister had warned that without drastic action the whole complexion of the Bahaams will be changed in 20 years.

There is good reason for concern. Between 1970 and 1984 a quarter of all live births in the Bahamas were to non-Bahamian parents. But while births to impossible to enter the social

other foreign nationals showed a steady decline, those to Haitian mothers increased from 12.6 to 16.2 per cent of the total number of children born during the period. Of the more than 9,000 bables of Haitian parentage, 44 per cent were born between 1980 and 1984.

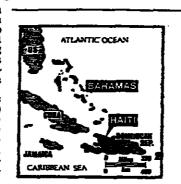
The Government believes there may be as many as 40,000

there may be as many as 40,000 Haitians living illegally in the Bahamas. Their rapid increase has severely strained the country's limited public health and education services. Hookworm, dengue fever and tuber-culosis, diseases previously etradicated in the Bahamas, have reappeared, while two-thirds of the Aids cases recently documented by medical authorities have been of Haitian

This year, the Ministry of Health expects to spend some \$4m of its \$52m budget in providing health care for Haitians. Millions more will go on free education for thousands of Haitian children in the public school system. The cost to the Bahamian tax-

payer is compounded by an acute shortage of low cost housing and the difficulties of law enforcement in a country with so many undocumented aliens. Recognising the difficulties created by the Haitian presence

does not point to any easy solu-tions. Over the years, cheap Haitian labour has been used to build up the country's farming and construction industries and to perform jobs shunned by Bahamians. Looked down on the immigrants have found it



and economic mainstream. Many Haitians living here as long as 20 years still have no legal status, and the governappears determined to keep it that way because of the political ramifications. In the 12 years since the Bahamas became independent of British rule, only 297 Haitian nationals have been granted citizenship-241 of them women married to Bahamians. An additional 213 permanent residencies, which do not include the right to vote, were issued during the period.

First generation Haitians have been reluctant to protest against their treatment. Soon, however, the Government must decide how it will deal with the thousands of children of Haitian parentage born in the country following indepen-dence. Technically stateless, country they cannot apply for citizen more recently the United free elections," he said. "With-ship until they are 18, and even States, has also served as a out that the whole nation will then there is no guarantee it release for internal pressures be destroyed."

A US coast guard force of close to 150 helicopters, cutters and small boats saved 70 Haitians from drowning in a wooden boat which was sinking in heavy seas 21 miles east of Miami, late on

Sunday, Agencies report.
Following unprecedented
public demonstrations on Sunday against his regime, Mr Jean-Claude Duvalier, Haiti's President-for-life, yesterday autounced sweeping changes in his military leadership, including the dis-banding of his secret police

will be granted.

Thousands more, born under British rule and entitled to Bahamian citizenship, were forcibly returned to Haiti with their parents during the mass deportations that marked previous attempts to handle the problem. These ended abruptly in 1981 after the Haiti government refused to accept any more following a particularly brutal episode. Many immigrants remained in prison for up to two years before being eventually repairlated through the intercession of the Roman Catholic Church.

Bilateral talks on controlling the exodus from Haiti have proved equally unsuccessful.
As the Western hemisphere's poorest nation, Haiti des-perately needs the foreign exchange sent home by immigrants. The Bahamas, and

that might otherwise be directed against the regime of President-for-Life Jean-Claude Duvalier.

The latest diplomatic move. intended to regularise the status of Haitians living in the Bahamas for more than five years and repatriate those failing to qualify, is already in trouble because of ambiguities in a treaty concluded last

Threats by the Government here to round up and deport all illegal aliens who did not leave during a two-month annesty have not been enforced because of delays by the Haitian government in issuing passports and re-entry permits for its nationals.

At the same time Mr Roker has warned that he will prose-cute people hiring illegal immigrants, making it virtually impossible for those applying for status to prove their length of stay in the Bahamas.

The Minister does not dis-guise his hostility to the Haitian Government, which he blames for the conditions that have forced so many people to flee their country. A young Haitian/Bahamian writing to the local Press lamented the fact that the US continues to provide financial support for a regime guilty of so many civil and human rights violations. "The people of Hairi would like the United Nations and the Reagan Administration to stand with them in their protest for

### Presidents of Mexico and Venezuela to discuss oil

BY ROBERT GRAHAM

PRESIDENT Niguel de la Madrid of Mexico and President Jaime, Lusinchi of Venezuela have arranged an unexpected meeting in the Mexican resort of Cancun on Thursday to coordinate a joint approach to the current sharp fall in the price of oil.

Mexico is dependent upon oil for over 70 per cent of exports weekend to Caracas by Mr and Venezuela is even more Francisco Labastida Ochoa, the reliant with over 95 per cent of Mexican Energy Minister. It became clear then that any exports coming from this source. For every \$1 drop in attempt at co-ordinating price and production polices between

The sharp fall in oil prices in retent weeks means a litely loss of up-10 \$30n for Medico this year, requiring reconsideration of its existing finantial obligations; white Venezuela, though better placed, will sow be unable to proceed with plant to stimulate economic growth after three versus of recession. after three years of recess The meeting of the two presi

The sharp fall in oil price

dents grew out of a visit last the price of a barrel of oil. Mexico, a non-Oper member, Mexico loses nearly \$550m in and Venezuela, a leading pro-annual earnings. For Venezuela, dueer in the organisation, re-the loss is only marginally less. quired a presidential meeting.

### Peruvian copper mine workers launch strike

SOME 6,000 workers yesterday a salary increase for the launched an indefinite strike workers was issued yesterday, against Peru's biggest copper. The mineworkers union said producer to back demands that their average wage be raised to \$400 a month from the cur-rent 166,50. Reuter reports from Lima.

The company said the strike against Southern Peru Copper would paralyze production at the Toquepala and Cuajane mines, which account for 75 per

The mineworkers union said

the strikers had rejected a wage increase of \$95 a month that was ordered on Friday by the Labour Department in Tacna, the administrative region covering the two mines.

"We rejected the increase the Toquepala and Cuajane mines, which account for 75 per cent of the country's copper output.

The Labour Ministry said a government order authorizing complaints to the government.

## WORLD TRADE NEWS

# Airbus approves Leyland development of two new models

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE, the Euro-ventures. pean airliner manufacturing In the UK's case, this means group, is to go ahead with development of its projected discussions with the UP Departtwo new versions of the Airbus, ment of Trade and Industry on the short-to-medium range 330- the possibility of the UK Govseat TA-9 (now called A-330) ernment subscribing full launch and the four-engined 250-seat aid for the BAe share of the and the four-engined 250-seat aid for the BAe share of the long-range TA-11 (now called new aircraft—developing and A-340).

A meeting of the Airbus some \$500m.

A meeting of the Airbus Supervisory Board in Munich yesterday approved the basic product strategy of the consor-tium, allowing Airbus manage-ment to refine the specifications of the new aircraft with airlines

This represents 20 per cent (the UK's share) of the total of \$2.5bn that Airbus will need for the A-330 and A-340. The two ventures will have much in common, including the The Munich decision falls short of a formal full-scale launch commitment, which can only come when airline orders

Airbus has already held dis-But it is enough to enable cussions with many airlines
Alrhus to pursue such orders, world-wide, and is convinced
and to enable its partner comthat a sufficiently large market and to enable its partner com-that a sufficiently large market panies to expand their indivi-dual development activities on continued development.

the aircraft.

In particular, the decision means that the partners can begin serious discussions with their governments on the question of finance for the new about one-half,

# for Thai bus deal

LEYLAND BUS, of the UK, is stepping up its battle for a lucrative leus contract in Thailand after clinching three significant orders in other parts of South-East Asia.

Leyland has apparently found a Thai van and commercial vehicle manufacturer which is a suitable local partner for the venture. It is also believed to be ready to con-sider establishing a wider presence in Thailand.

October, is a smaller, revised version of the £385m deal spurned by the Thai Cabinet because the country could not afford it. The proposal still includes a British aid offer of comments. current development phase of the CL-289, with Canada pro-

# renews bid

By Chris Sherwell, South East Asia Corresp

The latest order is from Indonesia for 40 Leyland Atlantean double-deck chassis to be used in Jakarta. Waiter Alexander, of Scotland, won the body-work contract. In November Leyland Bus

won an order for 55 Olympian double deckers from Hong Kong and, last month, another for 100 Olympians from Singapore Bus services with an option on 100 more.

with an option on 160 more. The value of the three contracts is put at £10m, and Leyland's successes are being promoted as an asset in its pretracted fight for the Bangkok has contract.

Its main competitor, motor and leasing, is from Singapore. Ironically it has failed to win business there against companies like Leyland and Mercedes Benz.

Mr Ian McKinnon, manag-ing director of Leyland Bus is in Bangkok this week in support of what is called a "renewed Leyland initiative" promoting the elements of local content, technology transfer and counter-trade contained in the British offer.

The contract, worth £94m, would involve the supply of 770 double decker buses for selected routes in the Thai capital, the construction of depots and workshops and management and technical

# TI reconsiders policy on patents

TEXAS INSTRUMENTS (TI), the largest US semiconductor manufacturer, has dramatically asserted its rights to profit from the invention of fundamental semiconductor tech-nology. In a spate of lawsuits being filed against Japanese and South Korean competitors, the company accuses the foreign groups of infringing its patents by manufacturing dynamic random access memory (Dram) chips and selling them in the US without having licenses under TT's patents.

If successful, TT's legal actions could ultimately prevent them. future US imports of Drams which accounted for more than

\$335m worth of Japanese chips sold in the US last year. This would cut off the major source of supply of Drams to the US computer and electronic systems industries.

TI is arguing, in suits filed against Hitachi, Fujitsu, Toshiba, Oki and Samsung on Friday, that its competitors cannot produce Drams without using technology patented by TI. Four more Japanese chip manufacturers will be named in suits to be filed shortly, TI said. The suits seek injunctions against continued patent in-fringements and damages. In addition, TI plans to file an against continued patent in-fringements and damages. In addition, 'TI plans to file an action with the International Trade Commission seeking relief from injury due to patent

ducers for an increased commit-ment towards adequate truck

product and distribution development. Unless this occurred, then a number of

changes might happen within

US truck makers could no

US car -makers with truck.

divisions could face serious difficulty in remaining in the heavy truck market, and would

steadily abdicate the medium duty market to European and Japonese producers;

• Medium and heavy truck pro-

attendant impact on component 281,641.

duction would decline, with an units in a total market of

the next five years:

longer be US-owned;

manufacturer is asserting its right to profit from its inventions by filing suits competitors. Louise Kehoe reports from

infringement. Remedies could range from a total ban on Dram imports to the assessment of duties. The suits cover current and

future generations of Dram memory chips which are used in all types of computer sys-tems to store data. The world market for Drams is valued at over \$1bn, with Japanese com-panies holding an 80 per cent

a "more assertive policy with respect to licensing and protection of patents than in the past," said Mr Pat Weber, a tect its company executive vice president.

Competent US management,

with proper corporate backing from overseas, would be the

very people steadily achieving market domination. In the absence of a clear and

immediate reversal of policy with respect to product in the US, and of the apparently slow

introduction of new medium and heavy truck models, "the

position could be irreversible after 1986," the report warns. The report points out that in

sharp contrast to many industry

predictions that European pro-

ducts would not be bought by medium and heavy truck opera-

tors, "clearly they increasingly are doing just that." In 1984 for example, sales of Classes 4 to 8 trucks (medium and heavy) by European-controlled companies wheth introduced companies whether the compan

panies - both imports and US-

produced-accounted for 63,055

US truck producers warned

attempted to renegotiate these

around \$10 for the latest 256k Dram at the beginning of 1985 to less than \$2 by year's end.

In suits filed by other US manufacturers and by the US Commerce Department, Japanese chip makers have been accused of dumping Drams on to the US market at prices below fair value.

Other major US chip makers have dropped out of the Dram market, but TI, which ironically makes most of its Drams at plants in Japan, has been determined to maintain its position.

Unable to profit from the

Unable to profit from the sale of Drams, TI is now remarket share.

With its suits, TI is adopting thinking the value of its patent

"The company has taken these actions in order to protect its intellectual property and increase the return on the investmens in research and de-

Now TI says its licensing TI has clearly set a new, higher agreements with the Japanese value on this knowledge, and Koreans have run out. The company was "unable to com-ment" on whether it had implications for the US semiconductor industry in its trade agreements.

Tl's actions were prompted by its continuing losses on Dram sales. Dram prices fell dramatically last year from around \$10 for the latest 256k pram at the haginging of 1005

processors. The TI patent suits also set a precedent for other US industries by claiming patent infringement as "injury" under US trade law and seeking iniunction relief.

TTs confidence in filing the suits was boosted by recent "pro-inventor" rulings by the US federal appeals court. In particular, the recent case in which Kodak was forced to give which Rodak was forced to give up its manufacture and sale of instant photographic equip-ment demonstrated the court's determination to uphold patent

TI is also understood to have tacit government approval for its actions,

Not forgotten by TI are its US customers, most of whom also buy significant quantities of Drams from Japan and South Korea. "Reactions on the part of our customers have ranged from very enthusiastic to some concern over the long-term im-plications," said TL

### Singapore set to move on copyright

SINGAPORE has virtually completed drafting a long-awaited copyright protection bill to pre-sent to parliament, but public hearings could last a few months and put off enactment until the end of the year.

A first draft of the legisla-

tion, which was completed by July last year, has been revised and toughened to take into account points made by government departments and interested foreign parties, notably the US.

Singapore recently has acquired a reputation as a "pirate haven." The island state exports millions of illicit cassette tapes annually, sells cheap copies of popular computer software and reproduces expensive textbooks for students. Both the US and Britain have

Both the US and Britain have complained about the weaknesses in existing legislation, which dates back to 1912, and Singapore itself has realised that it is jeopardising its chances of becoming an international information centre offering printing and software services. services.

It is understood that the bill will contain criminal sanctions instead of fines, and that the period of copyright protection will be "lifetime plus 50 years" instead of 25 years as first proposed. Singapore also appears dis-

posed lowards joining the Universal Copyright Convention, although there is still a question over timing and the move may be linked to continued trade privileges for Singaporunder the Congrapsed System under the Ceneralised System of Preferences (GSP).

### Turkey awards Golden Horn contract 🗲

A consortium of Turkish and West German companies yester-day signed a \$30.0m agreement to build a bridge over the Golden Horn river, Reuter reports from Istanbul, Turkey's Sezai Turkes-Feyzi
Akkaya Insaat AS and Thyssen
Engineering Company signed
with the Turkish highways
directorate for a 954-metre
(1,040-yard) bridge with concrete supports. It will embass crete supports. It will replace an ageing pontoon bridge across the waterway.

# Nato allies agree on pre-production of drone

reconnaissance drone, sales of between C\$1.60n and C\$20n (£800m-£10n) by 1995. Simon writes from Toronto.

The prime contractor for the of Canadair's CL-89, currently project, known as the CL-289 in service with armed forces in pilotless airborne reconnais. Germany, France, Italy and project, known as the GL-288
pilotless airborne reconnaissance system will be Canadair.
the Montreal-based aerospace
company. Partners include
Dornier of West Germany and
Societe Anon-me de Telecom
Tele Societe Anon-me de Telecom-munications (Sat) of France. Canadair is also to develop another Drone, known as the classification of the CL-227 Sentinel remotely piloted vehicle. Potential sales of the CL-227 are stimated at sensor and comunications paymore than C\$1bn over the next load.

CANADA. West Germany and 15 years. The Canadian Govern-France have agred to proceed ment will contribute C\$31m with the pre-production phase of a North Atlantic Treaty Organisation (Nato) military The CL-227.

The CL-289 is the largest

The CL-289 is the largest joint defence development pro-ject betwen Canada and its European Nato allies. It is a longer-range, advanced version

TRUCK producers in North suppliers, particularly of America need to take urgent engines, transmissions and action if they are not to lose their dominant position in their own market, warns a report from the consulting group, Automotive Research & Management Consultants.

The report says there is an urgent need among US pro-

For the bus contract the British company is heading a consortium which includes the National Bus Company and MVA consultants.

Its bid, submitted in October is a consultant in the consultant in the consultant in the consultant is a consultant in the consultant in the consultant is a consultant in the consultant in the consultant is a consultant in the consult

# The US semiconductor

against foreign San Francisco

velopment that led to the technology embodied in TI's patents," an official said.
"The real issue here is the value of knowledge, as reflected

While it sees Ford's position in the market continuing rela-tively strong, the report sug-gests that General Motors "largely relies on older product" in the heavy duty sector, with speculation persisting that it might not stay in the "heavies" market, Class 6 and 7 trucks, from its Japanese affi-liate. Isuzu, "further points to the lack of new products available from US designers and manufacuring plants." The "real problem" within GM. it observes, "is a much slower decision-making process than the Japanese.

the Japanese. "It is not that Japanese products are changing radically in technical terms . . . it is a

question of corporate emphasis.' \* International Automotice Review 34th Quarter, 1985. Automotive Research & Management Consultants, Luton House, 7-12, Tavistock Sq. London WC1H 9QJ. \$450 or £240 per

### Shipbuilding orders rise in Netherlands

THE Dutch shipbuilding THE Dutch shipbuilding industry's order book edged up only 2 per cent to FI 1.898bn (£477m) at the end of 1985 compared with a year earlier. Selling prices remained depressed by keen competition from abroad.

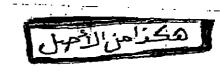
The Netherlands' Association of Shipbuilders said that a majority of orders entailed only a small profit or a loss, which was absorbed to pre-serve jobs and continue oper-ations in hopes of an improved market.

too uncertain to make a reliable forecast, the associa-The value of orders received during 1985 rose 3 per cent to Fl 1.284bn com-

fourth quarter.

The outlook for this year is

pared with the previous year, with a notable surge in the





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### **UK NEWS**

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£1.000

<u>AND</u> Company Announcements Office, The Stock Exchange, London EC2.

# Cable TV share of viewing **increases**

By Raymond Snoddy

THE UK cable television industry iday received a boost from research carried out by the Joint In-dustry Committee for Cable Audi-

nce Research (JICCAR). The research found that viewing of cable in cable homes is growing both in terms of ratings and in share of all TV viewing. Cable's week period is now 94 per cent for 19m.
housewives with children.

Cable households are larger than average and, according to the re-search, the profile is moving more upmarket. The leading cable channel with an 8.1 per cent share of the Farley's disposal - already set in Sky Channel. The general enter-tainment channel has a bigger share of viewing in cable house holds than either BBC 2 or

Advertising (IPA) said yesterday milk-based haby food plant at Kenthat the research showed positive dal in north-west England - the apsigns of the growing attractiveness parent source of the outbreak. um is now more urgent than ever if understandable drop in rusk sales. existing services are to remain vible and the medium is treaten to the Plymouth business, however.

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# Glaxo faces high cost of Farley disposal

AT FIRST GLANCE, last week's dramatic decision by Glazo, the UK drugs group, to put its Farley sub-sidiary into voluntary liquidation looks like a public act of contrition. Given the severity of the salmonella outbreak in Britain, which was linked last month with Farley's baby foods, there could be an element of that, but there is also a great deal

To begin with, Farley was well and truly bust. Its capital base share of viewing has increased to 21

2750/900 of issued share capital, per cent of total viewing, up from plus reserves of 12.5m – had been 18.3 per cent from March. The audience reached by cable over a four-ing its products, now estimated at

> It would, of course, have been open to Glazo itself to put up the money needed to reconstruct Farley's capital base. But that would have left unsolved the problem of train before the salmonella outbreak, and now a much more complex proposition.

Farley Health Products consists of two businesses - a rask factory, The Institute of Practitioners in based in Plymouth, Devon, and a

After the withdrawal of the Kensigned up. But the need for an ex-dal factory's products from Decempension in penstration of the mediable and the medium is to offer ma-jor opportunities to advertisers, whereas the milk-based business is clearly compromised, at least under the Farley name.

> The obvious answer was to sell the businesses separately. Unfortunately, both share the same administrative, sales and marketing functions, all based at Plymouth. As a very much growth-oriented company, Glazo had plenty of experience in putting businesses together, but virtually none in taking them apart. It was for advice on that matter that Glaxo called in Cork Gully, an

After 29 cases of salmonella poisoning were reported last been fed on Farley baby Farley at Companies House, the foods, the products had to be grand total of trading losses, loans, withdrawn from sale. Glaso, ordinary trading liabilities and the the parent group, then de-cided to put Farley Health Products into liquidation. Tony Jackson reports on how growth-orientated group

more used to putting busi-

one apart for sale.

accountancy firm which is also one of Britain's most experienced liquidators. Cork Gully strongly advised the course adopted - to set up two new companies and put Farley Health Products into voluntary

That had the advantage of leaving all past and future liabilities with Farley Health Products, while the two new companies could be sold free of entanglements. In practice, that meant Gizzo picking up the bill, since to have Farley liquidated as a solvent company Glaco had to undertake to cover any future deficiency.

The extent of the costs to Glavo have now become apparent. The trading loss of £9m seems surpris-ingly large for a business with sales of only 120m (Farley's 140m turnover being equally split between rusks and milk food).

But the milk-based products have a shelf life of between one and two years and were spread around the world in the hands of wholesalers, retailers and the general public. Farley therefore had to refund not only its factory-gate price, but in many cases the full retail price paid

the time of the outbreak, Farier had intra-group loans from Glazo of £10m, a figure that has now risen to £12.8m. According to the formal month among infants who had statement of affairs now lodged by assumed cost of redundancies, were now runs to Ciom.

The same statement of affairs puts the reglisable value of the two rosinesses at £15m, leaving a shortfall of some (25m. The real cost will nesses together is now taking heir names to the statement. Farley's directors, as normal in such no longer lated in with its mainsimistic view of stream activities. cases, took a pessimistic view both liabilities and sale value.

> the losses on sale of assets will rank | the site. as extraordinary items.

as extraordinary items.

Meanwhile, Glesso says there have been a surprising number of inquiries from prospective purchasers not only of the rusk husiness, but also of the Kendal plant. Although it seems unlikely that Farmille products will be worth and for the Central Engles will be north and for the control of the Central Engles will be sorth. missioned at the time of last month's outbreak.

Glaxo says, is one of the biggest advantages in the liquidation strategy.

The group was determined that the fate of the two businesses should be settled quickly, if only for the sake of the mark-force.

# Fraser plans sale of leisure centre

HOUSE OF FRASER yesterday onfirmed that it is negotiating to sell its Avienore sports and leisure centre in the Scotush Highlands to Stakis, the botels group. A sale is expected to be announced within the next two or three weeks, writes Our Property Correspondent.

The stores group announce probably be less severe: in signing ven months ago that it intended to sell the 100-acre complex because it

The Avienore Centre includes a That £25m shortfall will duly sur shopping centre, theatre, Cinama face in Glaso's accounts, probably complex and sports centre. Higher the interim stage. The likelihood land Tourist, a House of Fraser subis that the 13m trading loss will be sidiary, most and operates the centrested as a normal expense, while tre and also lesses four notels on

ley milk products will be worth wicky Generating Board (CFGB) is much as a brand name, Kendal is a to take over as deputy chairman of newly audersized factory, as luck the CEGB from Mr Fred Bonner, would have it a tim spray-drying who is retiring after holding the machine was just about to be compost for the past 11 years.

The appointment was made by Mr Peter Walker, Energy Secre-The job of selling the plants, of tary, who also announced that Mr course, falls to Cork Gully. That, Frank Ledger, the CEGB's opera-

reorganisation of board members Had it taken on the job itself.

Blackman will be production managing director and Mr John Baker, who itsing that will be board in 1960, will naging director and Mr John Baker, who joined the board in 1960, will The losses do not stop there. At along indefinitely.

# HOW MOTOROLA ENGINEERS SOLVED AN OLD MARKETING PRUBLEM WILH NEW TECHNOLOGY.

The problem has been around for years.

Every country in Europe has its own, special technical requirements for two-way radio broadcasting. As a result, electronics manufacturers have been hard-pressed to find a way to bring the advantages of volume production to this category of products. The solution has been very elusive.

What was needed was a way to custom-build two-way radios for each market, but to do it on a high-volume, assembly line basis.

Under the traditional principles of mass production, this was certainly a contradiction in terms. But Motorola engineers have indeed built such a capability in Taunusstein, Germany. And it is producing our MC micro two-way radios in volume, right now.

The facility is nothing less than an integrated, automated assembly line that automatically adapts each product to all the varying regulations and requirements of its intended market without halting the production run, or even slowing it.

Nearly all components of the complex electronic circuit boards for these radios are fed into production on a continuous stream of tape. Automated machines install thousands of these miniature devices per hour, in all the differing arrays

out Europe, and with pinpoint accuracy.
This system not only produces custom-built radios on a mass-production basis, but the units it builds are of excellent quality and the savings

on fabrication costs are substantial.

This facility and the MC micro two-way radio are a synthesis of many new technologies in communications and manufacturing. But this is only part of what our company has been doing in Europe. We also operate major production facilities and design centers in the United Kingdom, the Federal Republic of Germany, France and Switzerland, and have more than 80 offices serving the continent.

Worldwide, Motorola is a \$5.5 billion (U.S.)

required by all our differing customers through-

Can any product be both custom-built and

electronics company doing business on five mass-produced? Motorola's MC micro is:

continents. We number 100 thousand people,
and we share a deep dedication to the service of our customers in voice and data communications, computers, semiconductors and components for defense, aerospace, automotive and industrial electronics.

NOTOROLA A World Leader in Electronics

# Hyundai parent earns £2m despite losses by offshoot

BY KENNETH GOODING, MOTOR INDUSTRY COMPERPONDENT THE COMPANY which imports Hy- the pound in the early part of last 10,000. "land that should be andai cars from South Korea into year forced International to raise profitable." the UK suffered a loss last year, prices by 10 per cent, withdraw spe-But the parent group, international cial dealer incentive achemes and to Motors, based at West Bromwich in stop advertising, the Midlands was still able to boost. The measures, instituted at a turnover to £50m for the first time time of severe competition in the

and show taxable profits of around car market, had a profound impact the agreement which limits Japa-on sales. International hoped to sell nese vehicle registrations in the

The new front-wheel-drive

Hyundai Pony, launched in the UK last Oktober, will spearhead the Subaru sales are constrained by a

International also imports cars 6,500 to 7,000 Hyundai cars and UK. However, International hopes International also imports cars 6,500 to 7,000 nyuman cars and from Subaru in Japan, and this small pick-up trucks last year, but there will be a small increase in Subariness was strong enough to ultimately 5,150 cars were regular to 6,000 cars compensate for problems with the internal, up from 4,500 the previous and commercial vehicles.

Hyundai operations, Mr Bob Education, chairman, said at the 1,221.

Mr Edmiston expects to make up any British Motor Car Distributors, weekend.

Hyundai is paid by International for lost time in 1986 and said Hyun-in US dollars, and substantial dai car and pick-up sales would the first people to import MG cars strengthening of the dollar against move up to between 8,000 and into the US

# London Pavilion to be redeveloped for £20m

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

PLANS have been announced to opment has been granted by West-turn the London Pavillon, in Piccad-minster City Council. illy Circus, London, into a large shopping and entertainment centre. The developers intend to provide shopping and entertainment centre. If shops and a 5,000 sq ft restamrant to be operated by Kennedy of London's most prominent and Brookes, which already owns resbest knewn buildings and forms taurants in the Trocadero. Negotia-part of the continuing programme tions are also in hand with Madame to improve the local environment Tussauds warworks company, around Piccadilly Circus, one of which wants to mount a permanent Britain's leading fourist attractions.

\*\*Example Broken the account of the permanent of the permanent

Kennedy Brookes, the restaurant rock music. group and owners of a 125-year The development is scheduled for lease on the Pavilion building, have completion in the spring of 1988. formed a joint venture with Gros-

the building will be completely redeveloped internally, to provide tion to the revitalisation of Piccadilmore floorspace and to link it into 
Piccadilly clicus underground station, the addining Trocadero shopion, the addining Trocadero shopion, the former Swan & Edgar
Circus, the former Swan & Edgar
department store.

Later, a link will be provided to

Special Subscription

Mr Paul Marber, Chairman of venor Square Properties to pedevelopment Square, commented: "We op the site.

The existing facade of the Pavilon building will be retained. But don's most prominent sites. The the building will be completely rescheme will make a major contribution to the provide time to the vertilisation of Naroadilla state.

department store.

Later, a link will be provided to tinctive Inns. The division will ini-Later, a link will be provided to tinctive lines. The division will interest the Criterion development on the tially include four hotels, which will south side of Piccadilly Circus, be expanded and upgraded. Further Planning permission for the development of t



# IMPALA PLATINUM HOLDINGS LIMITED

(Incorporated in the Republic of South Africa) Registration No. 57/01979/06

To the shareholders of IMPALA PLATINUM HOLDINGS LIMITED

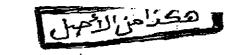
Following the recent strike at the Company's operations in Bophuthatswana, the service contracts of some two-thirds of the workforce were regrettably terminated. The process of recruiting replacement labour is proceeding satisfactorily and, in view of substantiated reports of organized intimidation having been a factor in preventing employees from reporting for work, many former employees are being re-engaged.

Production has been seriously affected by the disruption but the high rate of recruiting has already placed the company well on the road to recovery. The financial implications can, however, only be finally assessed when conditions return to normality.

**Johannesburg** 27 January 1986

E. PAVITT Chairman





# Insurance tops new services favoured by building societies

INSURANCE BROKING and unsecured consumer lending are the two new services building societies are most likely to offer when they are granted additional powers from earty next year, according to a survey to be published today. The survey is based on interviews

with the chief executives of 51 of the larger societies conducted by City Research Associates between January 16 and 21 on behalf of accountants Deloitte Haskins and

Insurance broking was selected as one of the new services offering the greatest commercial opportuni ties by 84 per cent of those interviewed. Unsecured lending was se-lected by 55 per cent, estate agency by 39 per cent, money transmis by 31 per cent, property development by 20 per cent, the marketing of securities to retail customers by 12 per cent and diversification into European Community countries by

8 per cent. About 80 per cent of the societies expected to run up against the 20 per cent proposed limit on the pro-portion of wholesale money market funding within the first five years after the passage of the Building Secieties Bill which will grant them

expected that no more than five will convert to public limited companies if the conversion procedure proposed by the Government last month in a consultative document

If the restrictions in the proce-

will convert the exemptives helical Almost half opposed, in particular the proposal that a conversion

should require the approval in a ballot of at least 20 per cent of all investors in a building society.
On the other hand, 78 per cent of the society chiefs opposed the pro-posal in the bill which would subject them to the risk of a hostile takeover by another society by al-

Another proposal in the bill opposed by 78 per cent of the societies is that their auditors should be allowed to talk directly with the Building Societies Commission, the new supervisory hody, without a so-ciety representative being present. Just over half the interviewees be-lieved that building societies should be subject to the same regulatory

lowing the bidder access to their

membership register.

regime as the banks.

Nevertheless, as many as 90 per cent of the societies said that the bill was broadly satisfactory, or reunited only small amendments. Fifty-seven per cent of the societies said they were "very optimistic" about the outlook, another 35 per cent were "fairly optimistic." The most enthusiastic responses came from the largest societies:

Mr Stephen Thomas, chairman of Deloities building societies group, said: "The research supports our view that the bill is too restrictive in its present form for the more adventurous and competitive societies."

The bill is at present passing through the committee stage in the

North Sea drilling near peak level in 1985

DRILLING in the UK sector of the North Sea achieved near-record levels in 1985, Mr Afick Buchanan-Smith, Energy Minister, said yes-

Provisional figures presented to Parliament showed that 157 wells had been drilled (93 exploration and 64 for appraisal). The total had been bettered only by the 182 wells drilled in 1984.

sults confirmed the continuing high level of interest in oil and gas exbliration in the North Sealer will Even more significant than the number of wells was the continuing success, rate: for oil and gas. discoveries - so far 19 finds in 1985 had been announced. In the northand central parts of the North

prove to be higher than one in four. Last year also saw record on-shore drilling; 36 exploration and seven appraisal wells were started compared with 25 exploration and -12 appraisal wells in 1984. To date, two significant discoveries have

● Some £86m has been added by the EEC to funds for projects which promote new technology in oil and gas exploration, production, trans-

port and storage.

\*The theats open for competition by reompanies in THC recember. countries, are the latest-allocation under an EEC scheme set up in

# cuts may trigger coal crisis

CONTINUING steep falls in the price of oil could threaten to dis place nearly a third of the coal burned by Britain's power stations, friggering a new crisis for the coal industry with widespread political encifications.

Although coal is still strongly competitive with oil at \$20 a barrel fuel industry circles believe the sit-uation would be transformed if the oil price fell below \$15 a barrel, as predicted last week by Sheikh Ahmed Yamani, the Saudi Arabian

Assuming there were no major elterations in the present sterling dollar exchange rates and no dras-tic government moves to protect the coal industry, the electricity author-

NORTHERN Engineering Industries has won orders worth nearly £40m for converting the boilers at Northern Ireland's eil-fired Kilroot power station to be able to burn solid fuel as well as oil.

ities in England, Scotland and Wales would be strongly tempted to start using their highly efficient oil fired power stations, capable of burning the equivalent of about 25m tonnes of coal.

The first coal which would be re-placed by oil would probably be some of the cheaper second from the National Coal Board at shout \$33 a tonne, reflecting lower international coal prices.

A joint understanding betwee

the NCB and the Central Electricity
Generating Board (CEGB) protects
the bulk supply of 65m tonnes a
year. But a prolonged period of oil
costing less than \$15 a barrel would

strain this understanding.

The oil-fired stations to be switched on would be the same plants which helped prevent power cuts during the year-long miners' strike which ended in March last year. This time they would be used

because of the glul of oil.

During the coal strike the electri city industry succeeded in burning of coal, far more than the declared capacity of its oil-fired stations. It did so by burning a lot of oil together with coal in its coal-fired power

stations.

The CEGH said no decision had been taken of a benshing A. our Sources outside the electricity in dustry say that even at its interest prace oil might start becoming at 1973 to encourage the long term second inight start becoming altractive for Britain's handful of decembers of oil and gas supplies. In recent years individual UK concerns in this price range to be attractive have successfully applied for final for the bulk of purpose built oil-

# Power that BT would gain from Mitel acquisition

ONE of Mr Leon Brittan's last acts as Trade and Industry Secretary was to give his blessing to British Telecom's proposed acquisition of Mitel, the financially troubled Canadian supplier of private branch exchanges (PABXs).

The acquisition can only proceed subject to certain restrictions, including a ceiling on BT's sales of Mitel products in the UK. That is a decidedly lighter restriction than that proposed by the Monopolies. and Mergers Commission, which nded a minimum three year ban from next January on BT

sales of Mitel equipment in the UK.

The commission, which gave its report to Mr Brittan on December 19, was unanimous that the acquisition would operate against the public interest. Four members of the inquiry thought it could Go ahead subject to tough restrictions on BT, including the requirement that it stopped marketing Mitel products

in the UK.
One member, Mr David Thomson, did not believe the conditions were sufficiently practical or enfor-ceable in order to safeguard competition in the home market between manufacturers and between distrib-utors. He recommended that the acquisition should not go ahead.

quisition should not go ahead.

After three sets of unsuccessful talks in 1934 and early 1985, the two companies agreed that BT would buy 51 per cent of Mitel for an injection of C180m. Previously Mitel's two founders, who held a large shareholding - and are incidentally ex-BT employees – had objected to losing control. Their position almost: certainly changed as a result of Mi-

tel's worsening cash position. Mitel's main business is manufacturing PABXs. It has a substantial share of the US market, where it faces increasingly tough competition, and its products are sold in many other countries. It claims to have had 10 per cent of the world market in 1984. In the UK, Mitel's exchanges are sold by several companies but by far the largest propor-tion are offered by BT itself.

The report shows just how successful Mitel has been in becoming a force in the British market. In the three years that Mitel has sold exchanges in the UK, it has gained an 18 per cent share of the total market. It accounts for 17 per cent of BT's PABX requirements and nearly 52 per cent of the requirements of independent distributors.

Jason Crisp reports on the changes in specifications and that it go-ahead for British vent Mitel from gaining confidential information on rival products telephone

The proposed acquisition would therefore concentrate enormous power in the hands of BT, which already dominates the British PABX market. A market shryer conducted by the commission shows that BT has slightly increased its market

share since liberalisation.
The commission comments: "We
.... conclude that BT is and will remain the dominant distributor of PABX equipment able to exercise very significant market power. As a result of the proposed merger, this market power would be significantly reinforced by the control of a ver-tically integrated manufacturer of telecommunications equipment.

it adds: The merger is discretions likely to operate sensorsly to seduce the growth of competition in the market, with adverse effects on telecommunications users who may expect reduced choice and higher

expect reduced choice and higher prices."

A serious concern of the competing IIK suppliers, such as Plessey and GEC, which were represented by the Telecommunications Marufachrers' Association, was that BT would give preference to its own subsidiary when buying PABXs. Some 80 per cent of production of PABXs by companies in the association went to BT.

BT end Mitel told the commission that that would not happen because they would have an arm's length re-

they would have an arm's length relationship. The commission was un-impressed by the claim. Commenting that there was little difference een PABXs, the commission added: "Unless the Mitel products were discernibly, inferior, there would therefore be many opportuni-ties for BT engineers and salesmen to commend Mitel products without

be likely to be taken, and some ference would be given to Mitel able managerial as well as financial in BT's buving.

Other areas where the commission accepted industry's fears that Mitel might have an advantage inMitel might have an advantage in-Other areas where the commiscluded early information on

Canadian telephone The report notes that, while BT exchange supplier was critical of the performance of the British suppliers, there was some evidence that they were re-

some evidence that they were re-sponding to the challenge of liberal-isation and that still modest exports were improving.

They sade powerful competition and if they lose the opportunity to compete on fair terms with Mitel, which in the future will be strengthened by the financial backing and R. & D (Research and Development) of BT, it is possible that they may decide to withdraw wholly or partly from the market for PABXs and not enter the future information tech-

nology market.
This would clearly be seriously detrimental to the public interest in maintaining a competitive telecom-minications industry based in the

IIK." says the report.
The commission also casts some doubts on BT's rationale for buying Mitel; which was that it was part of a strategy to become a world force in information technology rivalling the large and powerful groups in the US and Japan.
There can be no doubt that if BT

succeeds in its aims, the advan-tages to the UK in respect of the growth of technology and longer-term employment prospects could, subject to the proviso that the UK retained a major share of the work, he considerable. The risks in-volved are also considerable; there

is at present worklwide overcapaci-ty in the production of much telecommunications equipment, includ-ing PABXs" the commission says. its present secure position as the network operator with a major R & D facility, it has very little experience as a manufacturer and its overseas contacts are mainly with risk of losing a customer.

Since it would be in BT's interest
as well as Mitel's to maximise Mitel's sales, we believe that some, at least of these opportunities would be likely to be taken, and same colleged particles with the serious financial difficilities kind will require consider

# Oil price A US helicopter company seeks more than a European base, reports Michael Donne Sikorsky's aim is to pool the know-how

has been kept by Sikorsky, the United Technologies subsidiary which has proposed the joint rescue package with Fiat of Italy favoured by the Westland board.

This deliberate policy has aimed at not adding further embarrassment to the UK Government in what top UTC officials see as an unfortunate political imbroglio not of their making and which they would have preferred not to have

occurred.

For those top officials make it clear that the Sikorsky interest in Westland is dictated basically by sound business sense. They fell that their interest has not only been misunderstood, but also misreeprewritten and said in the UK in over its proposals and those of he European consortium nounting a rival rescue pack-

age. Mr Robert F. Daniell, president of United Technologies and himself a former president of Sikorsky, stresses his group's high regard for Westland's technological and engineering skills and its contribution to rotarywinged flight. Far from trying to drain those skills, he says Sikorsky would aim to help build them up, "After all, if we are spending many millions of dollars investing in the company, it is in our own interest to help that company survive and succeed, not destroy or damage it. We believe that Westland still has much to offer in the rotary-winged

Mr Daniell also admits that Sikorsky wants a base in Europe. We have never made any secret of that. We have sought such a base publicly for some time. But we have also worked with Westland for many years and we feel both sides have benefited from association. We see mutual advantages to build on that

Asked why UTC did not make a direct takeover bid for Westland, Mr Danieli says: "We, too, have shareholders to whom we vest their money, and we have to take a cautious approach." He points out that the joint UTC-Fiat offer would be only



ing Westland. The company only about 300,000 hours of would have to be restructured, engineering design work in the if necessary with further job rival European consortium's offer.

Sikorsky's main objective would be to preserve the engineering and design capa-ibilities of Westland, which it sees as the key to the latter's future. Mr Daniell points out that the UTC-Fiat stake in Westland would amount to only some 20 per cent (on a fully diluted basis), enough to be of value but not enough to allow Sikorsky to dominate the com-pany. Westland would be able to continue its current activi-Italian EH-101 military and civil aircraft, and participate in other ventures where it so wished.

Overal UTC-Sikorsky would aim to develop a two-way street short-term problem is the pro-vision of enough work to keep Westland alive until the EH-101 comes on stream later this decade, with the emphasis on keeping alive the engineering and design side, rather than the production side. Accordingly, in the 2m man-

hours of work up to 1991 that Sikorsky has guaranteed to Westland, about 60 per cent or

offer.
Sikorsky officials identify
three broad areas where its
assistance would benefit
Westland. They are:

production of parts for the continuing Black Hawk assault and transport helicopter programme for the US Army. Second, using Westland as a specialist designer of components for Black Hawk export customers outside the US, with Westland being responsible as bespoke tailor" for meeting those customers' needs.

Westland's industrial strength to the point where it could not only go out and win Black Hawk orders for but also participate in new helicopter programmes with Sikorksy, such as the pending US Army's LHX (Light Helicopter Experimental) programme.

Sikorsky officials point out that immediate parts produc-tion is not just "tin bashing." If that was all that Sikorsky needed, it could find sub-contractors in the US with less trouble and less cost. What is needed, and what

Westland, about 60 per cent or westland can provide, they about 1.2m man-hours, would be on engineering design and development with the rest production work. Sikorsky believed already building 10 Black that the engineers are the Hawks a month and the basek. that the engineers are the Hawk programme with event of considerable benefit in creative element in any heli- ually amount to some 1,750 influencing the US Army to copter company that keep the helicopters for the US Army, take the RTM-322 in quantity. production side in business. By with further aircraft for the Looking further ahead to comparison, it argues, there are US Navy under the Sea Hawk the time when Westand would

the end of the century, of big attraction. which so far just over 800 have been delivered. Westland could have a substantial part of the copters to replace 7,000 existing these copters to replace 7,000 existing the copters the copters to replace 7,000 existing the copters to replace 7,000 e

techniques.

This in turn would help it to become the eventual "bespoke tailor" for Black Hawk exports. Sikorsky identifies a world market for several hundred Black Hawks, many of which are in markets to which which are in markets to which Westland has better access than itself—especially, for example, in the Commonwealth. By making Westland respon-sible for helping Sikorsky win

such orders where it can, and then relying upon it to under-take the specialist design of weapons "fits" and other requirements for the customers concerned, with subsequent responsibility for after-sales service, the two companies could win substantial business. Such overseas markets include Japan, China, Australia, the Far East, and even

In this, Sikorsky sees the Black Hawk, which is primarily a battlefield assault and transport aircraft, as complementary to the Westland Austria EH-101 anti-submarine warfare Sea King replacement aircraft, with Sikorsky also sees in this closer liaison with Westland a

big opportunity for Rolls-Royce Turbomeca to get the new RTM-322 helicopter engine installed on Black Hawk for the US Army and export customers. The US Army is strongly interested in the RTM-322, and Rolls-Royce Turbomeca has already bought a Black Hawk, in which the new engines will be installed and test-flown. Another United Technologies taken a licence to build the RTM-322 in the US, and UTC believes strongly that a close link with Westland could be

anti-submarine and US Air be able to win Black Hawk Force Night Hawk search and orders for itself and participate in other important new US and Together with aircraft for European helicopter programthe coastguard, some 2,500 of mes, Sikorsky sees the the basic Black Hawk and its currently planned LHX proderivatives will be needed up gramme by the US Army as a

work involved in building those ing US Army light helicopters remaining aircraft, gaining of no less than 11 different substantial knowledge of us helicopter manufacturing scout/attack, the LHX would of no less than 11 different models. Primarily intended for scout/attack, the LHX would

that the LHX is following the current Franco-German PAT-2 helicopter but this is dismissed tion, flight control, mission capability, and in design and construction techniques using advanced composites to give low weight, low cost, survivability and manoeuvrability.

Sikorsky has teamed with its fellow US helicopter pro-ducer Boeing Vertol in seeking the contract and it is expected that Bell Helicopter will link with McDonnell Douglas heli-copters. The US Army will call for bids in August, with initial contract awards in late 1987. Both rival teams will get initial development contracts but eventually one design will be selected as the winner.

Even then the winner will not have it all its own way. By the third year of production all the other US helicopter combid for a percentage of the entire LHX programme, which will still amount to several thousand aircraft.

As a result, competition, already fierce, will intensify. Westland, if linked with Sikorsky, could expect to gain some benefits by pooling its design talents with the US company, while also taking on more production burden on Sikorsky if the latter were to win the LHX programme. Much of the from the Black Hawk pro-gramme is transferable to the LHX.

# Key changes in revised Westland rescue package

THE DEPUSED RESCUE plan Lionet Barber Sets out to Silvery, the US helicopter maker and First of Italy con- aerospace consortium rescue by a rights issue. Tionet Barber sets out the Sikorsky/Fiat plan maker; and Fist of Italy contains several key changes from opposed it at the extraordinary the financial package defeated at a shareholders meeting 10 days ago.

The regigging of the financial by a rights issue.

The new plan, announced by

The new plan, announced by

Take of Italy contains rescue by a rights issue.

The convertible preference the special resolutions in the shares would be issued to shareholders at £I a share on the basis of £35.50 nominal of contains the previous financial reconstruction.

The new plan, announced by

Westland yesterday, provides for an £80m capital injection by shareholders and takes the form of two ordinary resolutions requiring a simple majority of votes at an extraordinary

ays ago.

The religging of the mancial vertible preference shares for and Barclays have agreed to the new plan, announced by terms of the rescue—the third vertible preference shares for and Barclays have agreed to the new plan, announced by terms of the rescue—the third vertible preference shares for underwrite the rights issue of

came out in favour of the Sikorsky/Fiat solution last month—is largely in response

Holders would have the option to convert these latter shares in each of the years 1987 to 2006 on the basis of 20 new ordinary shares for every £17 nominal of convertible preference shares.

This would raise £35.5m from

snarepoiders and takes line form of two ordinary resolutions of two ordinary resolutions of two ordinary resolutions of the need to secure a simple water and extraordinary general meeting on February general meeting on February 12.

The previous Sikorsky/Fiat plan: previous Sikorsky/Fiat plan: previous for a 174m. The plan offers shareholders on the register on February 5, two special-resolutions requiring a 75-per cent majority vote from shareholders.

This, had a 65-per cent majority after shareholders convertible cumulative prefunds after shareholders of the need to secure a simple month—is largely in response to convert these latter shares in each of the vears 1987 to 2006 on the basis of 20 new ordinary shares for every £17 nominal of convertible preference shares.

This would raise £35.5m from existing shareholders against fifth to subscribe for up to 23.7m new ordinary shares at land's bankers, National Westland's convertible cumulative preference shares of £14 am under the vears 1987 to 2006 on the basis of 20 new ordinary shares for every £17 nominal of convertible preference shares.

This would raise £35.5m from existing shareholders against fifth to subscribe for up to fifth the register on February 5, the right to subscribe for up to fifth the plan offers shareholders are for every £17 nominal of convertible preference shares of £14.2m under the vears 1987 to 2006 on the basis of 20 new ordinary shares for every £17 nominal of convertible preference shares.

This would raise £35.5m from existing shareholders against fifth the previous plan.

The difference is that Westland's bankers, National Westland's bankers, National Westland's preference shares.

The difference is that Westland's bankers, National Westland's bankers, National Westland's preference shares.

The difference is that Westland's bankers, National Westland's preference shares of £14.2m under the previous plan.

The diffe

convertible preference shares, with Lazard Brothers,
Market analysts said yesterday that this underwriting role
was the quid pro quo for the
banks not needing to convert
their loans into preference

In an unusual move NatWest
In an unusual move NatWest
agreement on the Black Hawk
ind Barclays have agreed to medium-weight helicopter,
inderwrite the rights issue of which Westland would build under licence from Sikorsky. Sikorsky/Fiat, with j under 10 per cent of Westland shares, has agreed to buy a further 4 per cent ordinary shares at prices between 132p

potential partners, Sikorsky and Fiat. amended slightly, would subscribe for 500,000 voting and

and 151p. Sikorsky and Fiat would subscribe in cash at par for £18m of 15 per cent subordinated unsecured loan stock 1994-98. A total of £2m of unsecured would be issued to the banks



GELCO · ABBEY HOUSE · MOSLEY STREET · MANCHESTER · M 2 3 E H ·

Kinnock

the Commons yesterday re-sembled one of those boxing

sembled one of those boxing championships in which two famous contenders failed to live up to all the advance ballyhoo.

Battling Nell Kinnock, in the Labour corner, was out to take the title from the reigning champ, we were told. Mrs. Thatcher, after the battering she has taken in recent weeks over the Westland affair, was ready to fight back and put Kinnock on the canvas.

ready to ngnt Dack and put Kinnock on the canvas. In the event, Mr Kinnock gave a flat speech which lacked an attacking edge and showed no sign of possessing the killer instinct.

Mrs Thatcher replied with a cool and self-assured defence of her conduct, but her re-

SEICH

fails to

Commons yesterday that a place in that way. I profoundly "genuine difference in understanding" by civil servants led to the mistaken belief that the Solicitor General, dealing with the Westland affair, was done

leak on January 14, it was not until it reported on January 22 that she knew that Mr Leon Brittan the then Trade and Industry Secretary, was in-

voived.

Despite persistent pressure from the Opposition benches, the Prime Minister declined the opportunities giv. 1 to her in the early stages of the rowdy and highly charged emergency debate to explain hiw she could have been left in ignorance of this central fact. ignorance of this central fact for so long after the initiation of the leak by Mr Brittan on

The debate ended with the Government securing majority of 160 (379-219). Mrs Thatcher remained silent when told by Mr Michael Foot, the former Labour leader, that it would be better for her own peace of mind not so allow such a vital gap to remain in her account of what had taken

Mr Brittan, who had diffi:1ky in finding a seat on the Govern-ment back benches when he made his first appearance in the Chamber since resigning, did not provide any explanation

IGNORING CRIES of disbelief must make it clear that I accept from the Opposition benches, that disclosure of that informments Margaret Thatcher, the Prime Minister, insisted in the it was, should not have taken

leaking of the letter written controversy in the closing stages by Sir Patrick Mayhew, the of the debate by Mr John Smith, the shadow Trade and Industry Secretary. He challenged her to explain

with her authority.

While Tory MPs rallied to her support, many of them were clearly surprised when she went on to disclose that, aithough she announced an inquiry into the light of her denial of having done so in her speech at the done so in her speech at the start of the debate. Mrs Thatcher declared: " I did not give my consent to the leak-

ing of the information. May I make that quite clear." Mr Smith retorted that the Prime Minister's response could only mean that she had made an incorrect statement last Thursday.

To Labour cheers he emphasised that, for those who could not accept the truth of the explanation given by the Prime Minister, the "whole integrity of the Administration is suspect."

To further Labour cheers, Mr Smith warned: "This matter simply will not go away."
Dealing with the leak, the
Prime Minister told the House
that, when Mr Brittan saw the letter written by the Solicitor General to Mr Michael Heseltary, questioning the accuracy of information he had given to the merchant bank advising the European consortium seeking a stake in Westland, he decided that it was desirable to bring the matter into the public domain as soon as possible.

"The Trade and Industry week."



BRAVING THE STORM-Mrs Margaret Thatcher leaves 10 Downing Street for yesterlay's

giving authority for the discials in her office, who made and Industry through a tele-closure to be made by his it clear that it was not intended phone message to the Press department if it was not made that the Solicitor General's Association. (as he said he would prefer) letter would be disclosed from Mrs Thatcher stressed that from 10 Downing Street. This 10 Downing Street. I indicated in my statement last

The Downing Street officials, being told that Mr Brittan had He accepted full respon- Secretary made it clear to his Mrs Thatcher said officials in authorised the disclosure, sibility for the lead and officials that, subject to the the Department of Trade and accepted that it should be made admitted: "In retrospect I agreement of my office, he was Industry then approached offi- by the Department of Trade

the Downing Street officials had made it clear to the inquiry into the leak that they had not sought her agreement to what had taken place.

The Prime Minister said the afficials of the Department of Trade and Industry had told the inquiry that they regarded the purpose of their approach to the officials in 10 Downing Street as being to seek agreement to the disclosure of the Solicitor General's letter, as well as in the method officials. the purpose of their approach to the officiels in 10 Downing Street as being to seek arresument to the disclosure of the Solicitor General's letter, as well as in the method which abould be used as disclose it.

Amid further gestures of disclose form the Labour benches, she said that the officiels of the Department of Trade and industry had believed that they had enthority from Mr Reittan and "cover" from the Prime Minister the Secretary to the Cathnet and the head of the Solicitor General's letter that the officials concerned should be able to give their own full secounts of their part in what had occurred."

Were Thatcher again singled and Mrs. The Mrs. Thatcher again singled and Mrs. Thatcher again singled and Mrs. The Mrs. Thatcher again singled an

She reprime dilabour MPs who protested by saying: "You have been asking for the facts and I have given them. And I have taken immense trouble to have them sherked."

Mrs Thatcher said she learned the following day of the concern felt by the Soliciter General and Sir Michael Havers, the Attorney General at the disclosure of information supplied by a law officer which, by long established con-

inquiry that they did not believe that they were being asked to give my authority, and they did not do so.

"If they had helieved my authority was heling sought, they would certainly have consulted me."

The Prime Minister said the afficials of the Department of Trade and Industry. I did not know about Mr Brittan's own role in the matter of the disclosure until the inquiry had reported."

The Prime Minister said the inquiry that they regarded the jurpose of their approach to the officiels in 10 Downing him. land the killer punch THE GREAT confrontation in

Mrs Theither again singled out Mr Hoodities as the main cause of the events which led to yesterday's debate.

She complained: "It is largely because one member of the Cabinet could not appear ensure the accuracy and consistency Statements that we are debating

cital of events still left her critics utterly unconvinced. Throughout Mr Kinnock's speech, many Tory back-benchests kept up a well orchestrated barrage of heck-As Mrs Thatcher sat down. there was a considerable cheer from the Tory benches and waving of order papers. But at least half of the Conservative MPs remained silent, and a scattered attempt to get a stending continuous.

to get a standing ovation for the Prime Minister flopped. seems that we will again have to wait for the next meeting Tory backbenchers to get an accurate assessment of their

feelings.
As so often happens, the spectators got more than their money's worth from the excitoment provided in the minor bouts.

Sudden twists in the plot have obserederised the Westland saga, and yesterday was no exception. The most extraordinary intervention came from former Defence Secre-tary Michael Heseltine who has been cast by Mrs Thatter and her colleagues as the villain who caused the whole affair—rather like the scowling blonde heavyweight in Bocky IV.

But what was this? Here he was, in a five-minute speech, praising Mrs Thatcher who had been heaping the biame on him only a little earlier. Her performance, he ded been difficult but brave. He himself could not have asked for words other than those used by the Prime Minister in her speech. In the understatement of the year, he said of the bloody infighting within the Cabinet:
"It is understandable that sometimes the atmosphere, decisions, behaviour is not as we would all have wished it

to have been."
Who's after votes now?"
jeered Labour's Dennis
Skinner. Yes, agreed Heseltine, the

Tory Party was after votes, particularly after hearing the speech from Mr Kinnock -"the worst parliamentary performance in a decade." In a ringing declaration of of loyalty, he promised that all Tories, including himself would be in the voting lobbies together at the end of the debate in order to maintain the Government in power and keep Jesses. power and keep Labour out. Jubilant and surprised Tories sitting behind him slapped sitting behind him slapped him on the back for these moble and unselfish sentiments. But to shrewder observers it sounded suspiciously like a calculated attempt to put himself back in the race for the eventual leadership of his party. Former Labour Party leader lichael Foot made a powerful

Former Labour Party leader Michael Foot made a powerful comeback, with a biting speech which overschadowed Mr Kinnock. In a style worthy of his hero, that master of invective Jonathan Swift, he ridiculed Mr Heseltine and dismembered Mrs Thatcher's defence.

In the words of Winston Churchill, it was all very well for a Tory miinster to rat on his party, but he could not expect to re-rat and get back into power.

In a three-minute speech he offered himself as a human sacrifice and took full responsibility for the disclosure of the Solicitor General's letter. It only remained for John Biffen, Leader of the House, to wind up for the Government. Casting aside his usual urbanity he behaved like an

### Tory MPs heave sigh of relief

By Margaret van Hattem, Political Correspondent IF, as Mr Neil Kinnock declared, the Prime Minister was trial yesterday afternoon

the verdict among her back-

enchers appears to have

been "case not proven— thank God." Few felt that the Prime Minister had been at her best A number of senior Tories, not all of them former et ministers or other notorious malcontents, de-clared themselves frankly incredulous at her account of

Cabinet believes a word of it," said one. But the overwhelming respouse among ministers and junior backbenchers appears to be that, for the present, the Prime Minister's explana-

"No one not in the

Many confessed that there were still murky areas that they would prefer not to examine too closely. How-ever, they believed—and fervently hoped—that the fuss

would soon die down. Some were already identifying further scapegoats in the Prime Minister's private office — particularly Mr Bernard Ingham, her chief spokesman, whose ascendency government many MPs have long resented.

Others appeared confused and disoriented, preferring to sound out their colleagues and constituents before stating positively whether they were satisfied.

The 'ne most widely adopted, with not a little encouragement from the Government whips, was that all Governments octasionally made mistakes and were shown to be careless, that in this case nothing serious had occurred, but the press and Opposition were making a Opposition were making a great fuss over nothing, that the public were bory! to death with the whole affair, and that it would soon go

delivered

This was delivered solemnly, and with varying degrees of conviction, for several hours after the debate, while in corners and corridors, members of the "Cabinet des Réfusés" gronped and regrouped to exclaim, raise their eyebrows, and chortle cynically.

Loyal Tories, if dismayed by the Prime Minister's below-par performance, took heart from the even more below-par performance of the Leader of the Opposition in opening the debate, and from the intervention of the two former Secretaries of State, Mr Heseltine and Mr Brittan.

Many Tories now appear to

Many Tories now appear to be waiting for the reactions in the press, in their con-stituencies and above all in the opinion polls, The predominant feelings on the Tory back beaches after yesterday's debate appear to be a desperate longing for the affair to die down, and a genuine moral confusion as to whether serious improprieties have

But, as one very senior member of the Government commented: "The debate has not altered anyone's percep-tions of the Prime Minister." That appears to have been a double-edged statement, possible intentionally so. For the question many are privately asking is not "Will it do," but "For how long will it do?"

# Heseltine and Brittan support PM's explanation of events

BY KEVIN BROWN

explanation of the events surrounding the leak of the
Solicitor General's letter was
given full support by Mr
Heseltine and Mr Leon Brittan,
the two former Cabinet
ministers at the centre of the
Westland affair.

Been a parliamentary equivalent of El Alamein for the
Covernment, and not a Dunkirk.
As backbench Tory MPs
Cheered, Mr Heseltine launched
an outspoken attack on Mr
Heseltine and Mr Leon Brittan,
not have known about the dissension in the Cabinet if Mr
Heseltine had not "kicked over
the can of worms" by resignthe can of worms select
to the Committee on defence.

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not have known about the dissension in the Cabinet if Mr
Heseltine and Mr Leon Brittan,
not have known about the dissension in the Cabinet if Mr
Hes

correct as far as they were able to judge, and promised full support to her Government: Mrs Thatcher was also given uncritical backing by the three backbench Conservatives who intervened in the debate—Sir Peter Hordern (Horsham) Sir Ian Percival (Southport), a former Solicitor General, and Mr Michael Mates (Hampshire

East), a close parliamentary ally of Mr Heseltine. Loyal Tory MPs barracked Mr Nell Kinnock, the Leader of the Opposition, as he opened the debate with a series of questions about the role of the Prime Minister and her Downing Street staff.

being taken, and she must say whether the inquiry into the leak was launched for detection or deception.

Mr Kinnock asked who could be expected to believe that, in

Conservative protests rose to on trial over the competence and integrity of her Govern-

ment
Other Opposition MPs, including Dr David Owen, the
SDP leader, concentrated on
the activities of Mr Bernard
Ingham, the Prime Minister's
press secretary, and Mr Charles
Powell, one of her private secretaries.

Mr John Smith, the shadow Trade and Industry Secretary, said the Prime Minister had added nothing to her explanation of events in the Commons

THAT NEW species of voter, the yupple, which has attracted so much attention in the US, has surfaced in Britain and is

In the last decade the young, upwardly mobile professionals have poured into this highly

diversified west London con-stituency sending property prices soaring. In the long streets of well-preserved Vic-torian and Edwardian dwel-lings modest terraced houses

can cost more than £100,000 and semi-detached ones

Both said her account was ing from the Government. Evasions and manoeuvrings. falsehoods and deceits, had nurtured this comparatively small issue until it became a crisisreflecting the dishonesty of the Government's approach to Mr Kinnock said the Prime

the decision to leak the Solicitor General's letter. She Trade and Industry Department must emplain her claim that she did not know what action was his wishes at all times,

be expected to believe that, in the 16 days between the leak a crescendo as Mr Kinnock and the report of the inquiry, claimed the Prime Minister was the Prime Minister had not asked her associates to venture a guess about the identity of those involved.

"Clearly, the Prime Minister expects this House, her party, and her fellow citizens to suspend all normal standards of

belief and accept that it is all strange but true," he said. Trade and Industry Secretary, said the Prime Minister had added nothing to her explanation of events in the Commons last Thursday.

If the Government's explanation was to be believed, it was a sorry tale of woeful incompetence. "They have been found out," he said.

But Mr John Biffen, the Leader of the House, drew a roar of Tory support as he told MPs the Government had been through an episode implying sadness and regret, but certainly not shame.

There was laughter from the Opposition benches as Mr Biffen claimed the debate had

time in the present parliament that a by-election has been held

in the constituency which is on Labour's targest list of winnable

So far Labour is the only

it for the Conservatives with a embody yuppie virtues. The updated electoral register majority of 4,789.

Emphasis on education and encomes out next month but

The statistics speak for themselves. The number of professtonal and managerial people in

higher.

The yupple vote could be grievous blow to party morale fight between Conservatives, Labour and Social Decreases

Labour and Social Democrats.

The by-election in this marginal constituency—which will be the most bitterly fought since the Liberals won Brecon—has been caused by the death of Mr Martin Stevens who held it for the Conservatives with a

THE PRIME MINISTER'S been a parliamentary equivalent of the events surlent of El Alamein for the rounding the leak of the Government, and not a Dunkirk. Opening the debate, Mr Bolicitor General's letter was Opening the debate, Mr Heseltine launched given full support by Mr Kinnock said the country would an outspoken attack on Mr Heseltine launched an outspoken attack on Mr Heseltine launched an outspoken attack on Mr

Mr Brittan, in a speech lasting less than three minutes, told MPs he confirmed all the facts given by the Prime Minister about which he had knowledge. He accepted full responsibility for the disclosure of the Solicity Covernille letter. of the Solicitor General's letter, which had been done in difficult Minister must come clean about circumstances, but should not when she had found out about have occurred in the way it did.

had acted in accordance with were not to be blamed. He said the Government's original policy of allowing the board and shareholders to decide the future of Westland was correct and should be

allowed to continue. Dr Owen asked what conversations had taken place between Mr ingham and Mr Powell about the leaking of the letter. He claimed it was not unreasonable to believe not unreasonable to believe that they would have discussed issue with the Prime

Minister. It was not understandable strange but true," he said.

Mr Heseltine said the to those who had worked in behaviour of the Solicitor Government that the two General had been "exemplary."

He said he was glad the Prime out the Prime Minister had regretted the leaks guidance.

John Hunt previews the Fulham by-election

Owner-occupation has been

rising rapidly but is still below the national average. On the other hand, unfurnished reuted accommodation is three times

the national figure and furnished rented accommoda-tion is a staggering five times

This means there is a large floating population in bedsitters

and flats with tenants moving in and out of the constituency.

above the national average.

so much attention in the US, has surfaced in Britain and is likely to play an important role in the Fulham by-election campaign which will get under way shortly.

In the last decade the young, upwardly mobile professionals

the constituency is 24 per cent balanced by an emphasis on social services and poor housing the constituency is geographic which are the concerns of the ally one of the smallest. The above. Those in the 20-24 age group are 48 per cent higher are still strong in the constituency is geographic which are the concerns of the constituency is geographic which are the concerns of the above. Those in the 20-24 age group are 48 per cent higher are still strong in the constituency is geographic which are the concerns of the above. The part of the constituency is geographic which are the concerns of the constituency is geographi

higher. area shows a polarisation Labour is already organising between the well-off and the

a formidable campaign to win very poor. Usemployment—back what used to be one of much of it among white collar its strongholds. This is the first workers—is 14 per cent and is time in the present parliament as high as 19.8 per cent in one

### said: "They told the

MR HESELTINE'S LETTER TO SIR PATRICK MAYHEW cenclusions that we might reach.

IN HIS letter to Sir Patrick Maybew, the Solicitor General, on January 6, Mr Michael Heseltine acknowledged receipt of Sir Patrick's letter of that Merchant Bank [which is acting for the European consortium whose Westland proposals are date (the letter which is at the heart of the row over Government leaking) and gave further details of the evidence he had for believing that the Sikorsky-Fint package would be incompatible with Westland's particulation in marious. Expenses "Participation pation in various European collaborative ventures.

Much of what he says is an elaboration of points previously made public.

Mr Heselbine ends his letter: Some of this background was known to you at the time of your advice to the Prime Minister and is relevant to your letter. There is, however, a further piece of information which is not I believe in your possession and is crucial to any

supported by Mr Heseltine] wrote to the directors of Westland pointing out that: [United Technologies, Sikorsky's parent company] in Westland will jeopardise future co-operation between Westland and the other Euro-

pean helicopter manufacturers the American LHX anti-tank helithe European anti-tank heli-

You will. I am sure, agree that this statement could not be more unequivocal on the posi-tion of Aerospatiale, MBB and Agusta [the French, West Ger-man and Italian members of the consortium. The position of the remaining major European com-pany involved. Fokker, is referred to above.

The above represents, of course, only a short summary of the material available to me which is supplemented by numerous conversations with my Farropean Defence Minister colleagues, It is I believe more pean neusoner manufacturers consequence. At his a neutron manufacture in at least two out of the then sufficient to sustain the three major European col-statement which I made to laborative programmes, since Lloyds Merchant Bank. The the future development of the consequences of a Westland link with Sikorsky/Flat are

Michael Heseltine

### THE SOLICITOR GENERAL'S RESPONSE

Dear Michael, of January 6.

I am giad to learn that you are considered that the relevant sentence in your letter to Lloyds Merchant Bank of January 3 is wholly sustainable, by victue in par-ticular of evidence (including numerous conversations with your European Defence Minister colleagues) which is additional to the documents which you supplied to me on

January 3.
I emphasised in my letter to you of January 6 that it was on the basis alone of the documents which you supplied to me on January 3 that I had formed my opinion, and that those were all that I had seen. Those documents were not sufficient to sustain the relevant sentence in Bank, a fact which is now common ground between us. I have made clear (what I know you accept) that it is an essential requirement that anything said on the Westland subject by a minister in present circumstances must be accurate in all material res-pects, because it will foresecably be relied on by shareholders, with potential legal consequences for the

The area is redolent of history. The site of the home of Sir Edward Burne-Jones, the Victorian artist, is now covered

by a housing estate. Fulham Palace, former residence of the

Bishops of London, is at one end of the constituency and

Sandford Manor, where Charles

H installed his mistress Nell

observers. The by-election could not have come at a worse

The additional evidential and in particular the conversations with your European colleagues to which you have referred, is identified to me in your letter in terms too general for me to be able personally to assess whether the accuracy test is fulfilled. I quite understand why this may be unavoidable, particularly in the case of the conreveations with your European colleagues, but it means that the judgment as to whether that test is entirled must remain your own re-

sponsibility.
On a different aspect of this matter, I want to express my dismay that a letter containing confidential legal advice from a law efficer to one of his colleagues should have been leaked, and apparently leaked moreover in a highly selective way.

Onite apart from the breach of confidentiality that is in-volved, the rule is very clearly established that even the fact that the law officers the fact that the mw emers have tendered advice in a particular case may not be disclosed without their con-sent, let alone the content of such advice. It is plain that in this instance this important rule was immediately and flagrantly violated. Parties rehearse arguments to woo the Yuppies

Full-um in 1933, toppling a mass.ve Tory majority of over 14,000.

The late Edith Summerskill

The late Edith Summerskill won West Fulham in another by-election in 1938 and the present constituency was held for many years by former Labour Foreign Secretary Michael (now Lord) Stewart. It was won with a narrow majority for the Tories by Mr Stevens in 1979 and his majority was consolidated in 1983. The percentage vote at the 1983 general election was 48.2 per cent Conservative.

46.2 per cent Conservative, 34 per cent Labour and 18.3

numour that comedian John Cleese, who made a highly

per cent Liberal-Alliance.

Gwyn, is at the other.

But it is the political topography that will be interesting

time for the Conservatives with the possibility of a further rise in interest and mortgage rates.

The backwash of the Westland affair will also enable Labour and the Social Democratic out the possibility that this long-



Sir Patrick Mayhen: Rule has been flagrantly violated

I am copying this letter to the Prime Minister and to the the Prime minister and to the Secretary of State for Foreign and Commonwealth Affairs, Secretary of State for Trade and Industry, Chief Secretary to the Treasury and Sir Robert Armstrong [Cabinet Secretary]. Your sincerely Patrick

### **Ecology Party** relaunched as Green Party

THE ECOLOGY Party was relaunched yesterday as the Green Party, in a bid to make it seem less "intellectual" and identify it with the European Greens.

Ms J. Robins, a joint chairman of the party, said yesterday: "The old name appeared intellectual, middle-class and scientific. We believe it alienated some of our sympathisers.

us more closely with our sister parties in Europe." Mr Martin Sewell, the party secretary, said the Greens opposed the Channel Tunnel development

The party has launched a recruiting campaign to double its membership—currently 5,000—and hopes to field 1,000 candidates in the May local elections.

MP takes seat and the Social Democratic to terrify voters with the spectre of The Bossy Woman in No. 10.

Labour, with Liberal support, won an historic victory in East

man. Although he does not rule out the possibility that this long-legged figure will be striding down the Fulham Road canvass- ing support for the Social seat in the Commons yester-

expect to re-rat and get back into power.

With that, MPs trooped out of the packed Chamber assuming the excitement was at an end. Within minutes, however, Leon Brittan was on his feet. thisers.

"The name Green Party links In a three-minute speech he

urbanity he behaved like an

urbanity he behaved like an angry terrier.

What was worrying was his insistence on the paramount need to maintain the 30-year rule for the disclosure of Cabinet proceedings. Does this mean that we will have to wait until 2016 to learn the truth about Westland?

John Hunt

### **TECHNOLOGY**

Philips plans to reach the

production stage with Carin (car information and naviga-

tion) in 1988. This is a more

comprehensive in-car system in-volving a Compact Disc laser player to store maps digitally and also play music in the

normal way. An integral car radio will receive traffic prob-

lem data on the proposed Radio

Data System currently the sub-ject of standardisation discus-

Philips also uses a compass

for metal mass

sions on the Continent.

### Geoffrey Charlish charts the progress of work on low-cost in-car navigation

IN-CAR NAVIGATION equipment at an affordable price, a long term glesm in the eye of the road vehicle industry, comes a step nearer with Plessey's announcement of Pace, a device which, if put into volume pro-duction, could cost as little as £500 with a small display in the

Previous systems were more likely to cost thousands rather than hundreds of pounds, mak-ing even vehicle fleet managers baulk, let alone the private

-- motorist, Plessey is not alone. Racal and Philips in Europe, Nissan and Toyota in Japan and several US companies are

All a driver needs · · to know is a map grid reference for his starting point and the destination

active, including Etak of Sunny-yale, which is working with General Motors, AVM of Dallas, No such systems are in large-scale production and demand will depend heavily on price, particularly if they are to be fitted as standard equipment by vehicle makers. But Mr Len Robinson of Plessey Radio Systems believes the potential market compares with that for cellular radio.

Pace stands for Plessey adaptive compass equipment. In a cigar box-sized electronic unit. it contains accurate coils of wire which cut the earth's magnetic field and produce voltages which, when digitised, provide bearing data to a micro-

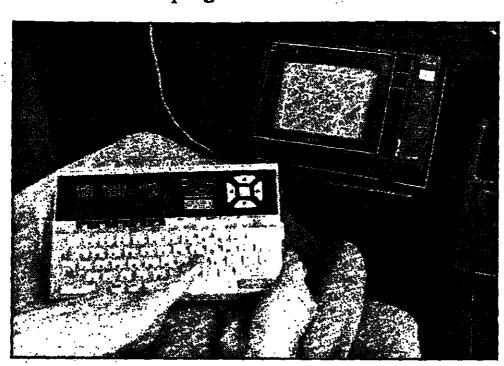
processor.

With additional distancetravelled data from other
sensors, the vehicle position at
any moment can be worked out and shown on to a small map

Alternatively, the driver can be given instructions on the screen such as "turn right at the next junction." Later, Plessey may add synthesised speech so that the driver can listen to instructions and keep listen to instructions and keep

his eye on the road. · All the driver needs to know is a map grid reference for his journey starting point and the destination, which he enters on a keyboard.

there is a need to know the location of each vehicle moment by moment, in case



The Pace visual display unit with the data input device into which start and destination grid references are entered.

# 'This is a one-way street — turn round'

allowing position co-ordinates to be sent to a central location and displayed on an illuminated wall map. Plessey is negotiating with a big UK company but it will not say which.

Police are also expected to be interested in Pace since it will allow incident rooms to see at a glance which patrol car is: arest to an incident.

Plessey says it has overcome the long-standing problem with compass-based systems—distortion of the earth's magnetic field by large metal objects nearby and the effect of cutting the field at an angle when driving up and down hills.

Both can throw out the accuracy of the system. To correct, Pace uses a combination of magnetic sensors disposed round the vehicle and First applications are likely associated software, but Plessey to be in security fleets, where

The resulting accuracy claimed to be 1 per cent of distance travelled. This might

connected to the vehicle's radio, outer to inner areas of a city, cities as necessary to recalibrate tors have displays showing straight line joining the two) either maps with vehicle systems by broadcasting either maps with vehicle and the proper bearing to markers, or a vehicle list with the positions in text. Racal can line alternative solutions. Racal Positioning Systems which magnetic disc or tane or or continuous continuous forms.

Philips is planning to reach production stage in 1988 with its system, which is more comprehensive

sprang from Decca Survey after the takeover a few years ago, has AVLS (automatic vehicle location system).

This is for centralised loca-

in conjunction with distancetion and makes use of compass-based dead reckoning updated travelled data from the speedometer and a microprocessor but by signals from radio broadcast system would be yards on a journey from the ships (Decca Navigator, Lorancorrecting

the stored digital map, making sure the vehicle is seen to be on a road. Since this provides no absolute position data, the Philips team is looking at other solutions. Eventually, positional data will be available from the US

will be available from the US Navstar satellites which will be completed in 1988 with 18 craft in place. Ten-metre accuracy will be possible, but in-car costs are not yet clear.
In Japan, Delivery Navigation

At the moment the computer corrects displayed errors by

comparing the information with

System has emerged from Nissan and has been tried out

The Toshiba system uses a magnetic compass and display. There is no need for position data

a department store in Tsukuba. The vans have cus-tomers' delivery data for the routes stored on floppy disks for each driver to take at the start

of his journey.
When plugged in, the disks show delivery data on a colour screen in map and text form. Secondarily, this system also uses Loran C to show the driver where he is on unfamiliar

Toshiba has developed a relatively simple system using a magnetic compass and display. No position data is provided. The driver enters departure and destination co-ordinates and a where distortions are most of accuracies of about 100 microcomputer works out and likely. So Plessey envisages metres).

Small radio beacons placed in In the control room, operato the destination (on the

> Some systems rely on small low-power beacons placed strategically in town and country. AVM of Dallas has installed an experimental system in Jeddah. Saudi Arabia, and two small UK companies, XY Electronics of Middlesex and Spectronics of Cambridge have similar developments. The have similar developments. The beacons continually radiate positional data so that the vehicle needs only a suitable receiver with processor, and a

display.

Motorola and II-Morrow both use the Loran C transmissions, with no additional compasses or beacons.

Which type of system will gain preference remains to be seen and will probably be so far has not finalised ways of settled only by reasonably largescale field trials. There are none

# How computers help to distinguish good medicines from bad

PHARMACEUTICALS panies are turning to novel computer techniques to help them process the vast amount of data gathered in clinical trials

before new drugz are marketed. With such methods, the companies may be able to reduce the time and effort taken in research before they make new formulations generally avail-

able.

A drug company may have to spend £20m over, say, seven years in the development of a product. Much of the effort goes into exhaustive clinical tests on groups of patients or healthy volunteers to check on the efficacy of the drug and voinvestigate possible side effects.

Companies including Boots, and Glaxo of Britain, Hoffmann LaRoche of Switzerland and Hoechs; of West Germany are Hoechst of West Germany are experimenting with the new approach. Doctors feed data from patients (about the state of their health while taking a particular drug) directly into

central site from which the trial is organised. The researcher can them analyse information about trends in the health of people taking part in the tests. For example they can work out how the blood pressure of, say, several hun-dred patients fluctuates during treatment with a particular

In this way, physicians may be able to spot good or bad points about new formulations much more quickly than with conventional methods. In the latter, doctors obtain the citalcal information as words and numbers on paper, feeding it into minicomputers for analysis only when the trial is finished.

This approach precludes analysis of the data while the trial is in progress. Moreover, mistakes can be introduced as a result of typing errors when clerks transfer the information from the paper into the computers.

The key to the new methods is the software used by the doctors taking part in the trials. The software may be written either by the drug companies computer concerns.

One such specialist compay which was formed last year by

Peter Marsh on an aid for drug companies

Mr Steve Jolley (a computer engineer who had previously started another small company called Torus Systems) and Dr Geoffrey Guy. Dr Guy was previously assistant medical direc-tor for Napp Laboratories, a Cambridge-based pharmaceuticals concern.

DLB Systems is selling soft ware that runs on small personal computers made by Apricot. IBM and Compaq. A standard software package costs about

One customer is the Chartercompany in London which is an offshoot of St Bartholomew's Hospital. The company conducts drug trials on behalf of large pharmaceuticals organisations.

Dr Steve Warrington, Chartermicrocomputers either at a health centre or clinic or at a house's medical director, says the extra analytical power provided by the technique may speed up the time taken to bring new drugs to the market.

Ethicon, an Edinburgh-based company which is a subsidiary of Johnson and Johnson of the US, is using software from the Cambridge company in a 10-year trial involving 10,000 patients

In this, Ethicon is gathering information not about drugs but the reaction of patients to a new form of wound-dressing technique that the company has introduced.

The DLB is also using its software techniques to conduct a two-year trial for the Depart-ment of Health and Social Security on the degrees to which diabetics suffer from an eye condition called glaucoma which can cause blindness.

In the trial, to be conducted at health centres in Exeter, Sheffield and Oxford, re-searchers will use computers to match the personal teristics of people with diabetes with any eye problems. In this way, they may be able to gain new insights into glaucoma, as a result of which, for instance, people likely to suffer from the condition could be treated before the worst effects of the ailment become evident.

**British Steel** control quality with Husky Find out why on Coventry (0203) 668181

### A retail sales system

RETAIL A RETAIL point-of-sale system using the IBM PC-AT personal computer as an in-store controller has been announced by International Business Machines.

The system uses IBM 4683 point-of-sale terminals with keyboards, cash drawer, printer and displays, with two models of the 5170 PC-AT able to control up to 128 store terminals and provide communications with a larger

where.

While the sales person enters transactions the terminal can communicate with the controller to check item price and authorise customer credit.

At the same time the PC-AT controller can handle stare tasks such as providing

store tasks such as providing customised sales.

### From art to instruction

DIGITHURST, a specialist in object recognition systems, in Royston, Hertfordshire, has developed a product of interest to companies that make signs for buildings and

Called Template, it allows artwork to be converted into production machine instructions via a personal computer like the IBM PC.

The artwork is placed under a video camera which is cona video camera which is con-nected to an electronic system able to capture a single tele-vision frame of the image. This image capture system transfers the data to the PC where it can be manipulated and changed on-screen using the Template software and a

computer aided design package such as Auto-Cad. Via the appropriate "post-processing" software (avail-able from companies like Pathrace for example), the output from the PC will directly drive a numerically controlled machine tool to cut

Every evening, guests of The Gosforth Park Thistle Hotel, Neurasile, enter the sumptuous Brandling Restaurant with a keen sense of anticipation.

For although the meeting which began at 9.00 am and ended at 6.15 pm may have seemed interminable, no such twinges of boredom will be provoked by the Brandling menus.

Or alternatively, you don't have to see a menu at all. Simply say the words "Menu Mystique"

A leisurely seven-course journey through the delights . of moderne cuisine with only the palate to guide you.

# "After a superb meal, I stirred my coffee, sipped my brandy and finally was presented with the menu."

Some dishes you may recognise, some you may think you recognise, and some tastes and flavours you will not base experienced before.

It is only over your coffee and liqueur that your waiter will fully share the secrets by presenting you with your our personal menu.

A memento of a truly magnificent meal.

Menu Mystique at The Gosforth Park Thistle Hotel is an individual experience. It is an example of the enlightened Thistle philosophy.

Which is that business without pleasure is no pleasure at all.

So while every Thistle Hotel guarantees a standard of accommodation and business facilities equal to, and in many cases better than, that offered by international botel chains, then that is where regimentation ends and indivi-

Each of our managers is encouraged to retain and develop the individual character and features of the building of which be has charge.

An anitude which creates a relaxed and enjoyable atmosphere within our staff.

Which in turn is felt by our guests.

It is a philosophy in which we are constantly investing for the future through extensive refurbishment, innovation and, most importantly, talent.

Thus, the international businessman travelling from Gatwick can forego the typical airport concrete block and sample some traditional Country Inn hospitality at The Chequers Thistle Hotel.

On a summer's day in London's Belgravia you will find a taste of "la vie parisienne" at The Ravement Case of The Loundes Thistle Hotel.

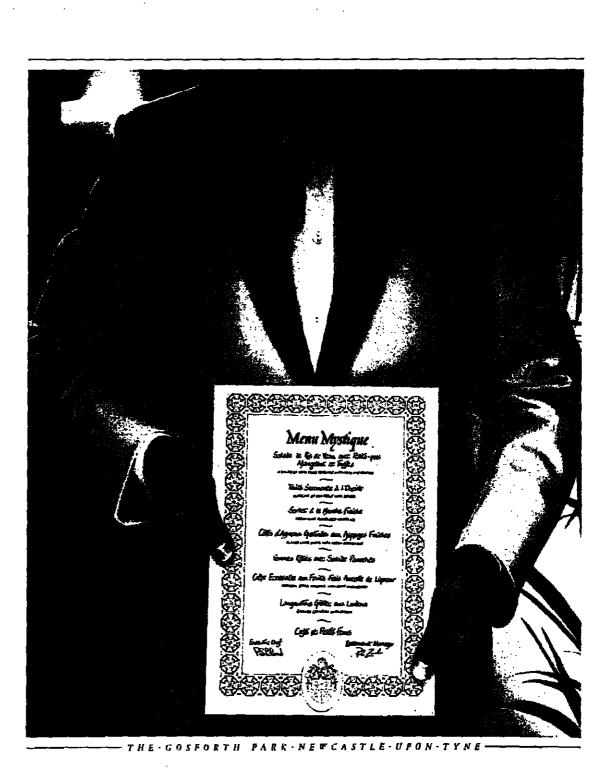
Or discover traditional standards of quality and excellence as epitomised in the elegant "Restaurant on the Terrace" at The Caledonian Thistle Hotel, Aberdeen.

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" And every Thistle Hotel has its own personal surprise. A surprise which is invariably, and unmistakably, a

Ask your secretary to ring our London reservations office on 01-937 8033 or contact your local travel agent for details of Thistle Hotels in London and 19 major cities and towns throughout Britain.

THISTLE HOTELS



### London Galleries/William Packer

# East End's local brew

Whitechapel Art Gallery since 1913. A duty to the community in which it is set was one of the founding principles of the gallery's policy and one which it has always scrupulously honoured. The Open is one of the most obvious of its opportunities, but it is also one that has changed markedly in character in recent years.

At one time it was the preserve of the committed part-timer and amateur, of sketchclub and evening class. But gradually working artists have colonised the City and East London, drawn in by the redevelopments which never hap-pened and the availability of cheap and practical studios in disused warehouses, factories and workshops. They too are eligible for the Open which, while still accommodating more modest ambitions, now enjoys a somewhat wider scope.

With the gallery closed for remodelling and extension the last two Opens were shared between other sites in Tower Hamlets. This year it comes together again under one roof. Entitled to submit two works apiece, 1,034 artists put in 1,923 works for consideration, of which 141 are on show (until February 16) along with a num-ber of invited works that relate to the gallery's educational and

community programme.

An exhibition can be no better than the best of the work sent to it, and we should strate. But the real point and its ideological content, but are pleasure lie in finding the works of particular quality for engagement with the subject is oneself to savour.

Until her recital on Sunday afternoon, I had heard the

Portuguese pianist Maria João Pires only on record. Sixteen years ago, in her late teens, she

won first prize in the Brussels Beethoven Competition, and her

subsequent recording of the complete Mozart sonatas for

Erato won her the Edison Prize

and the Prix de l'Academie de Disque Française. Iliness then

Her Mozart recordings I

major had marvellous delicace and fluency, and a directness of

manner that was warmly per-suasive. Most impressive was

the fiery momentum of the

opening molto allegro of the

C minor sonata K457 (which she prefaced with its sibling, the

great C minor Fantasia K475), and the broad vocal phrasing

Miss Pires opened her second

half with a strong and forceful

account, exquisitely detailed, of Schumann's Kinderszenen: no

miniatures these, except in physical size, each one a sonata

movement distilled. The grip had so far been faultless, and

the command unfaltering. Only in her final work, Beethoven's

sonata op 110, did the odd trace of nervousness appear.

of its adagio.

The Whitechapel Open Exhibition for local artists has held make up the liveliest part of its ulterior purpose fallen away.

Its place in the calendar of the the show. In the upper gallery The Saffron Robe, a large watercolour by Shanti Panchal, with it two standing figures watched by four seated behind. watched by four seated behind, is outstanding, and David Tebbs's barn-like studio interior, empty but for step ladder and easel, is a memorable image. The self-effacing academic competence of Peri Parkes's two back-gardenscapes should no more be overlooked than the expansive abstractions of Albert Irvin and Jeff Dellow, the last in particular which teases upon the suggestion of landscape. Contad

lar which teases upon the suggestion of landscape. Conrad Atkinson's spoof Financial Times front page carries some excellent art world jokes, though its perfunctory handling and underlying polemic are perhaps more questionable.

Downstairs a self-portrait is no less strong and direct in its

no less strong and direct in its statement for being tiny, and Denzil Forrester's West Indian figure composition, The Domino figure composition, The Domino Hunters, as large as can be in comparison, is admirably free and confident. The sculpture, photography and craft are rather disappointing in general, but the quietly ambiguous carving of Paul de Monchaux and Veronica Ryan's cast soft pillow form, with its clutch of organic and vaguely disquieting organic and vaguely disquieting trophies nestling into it, have positive sculptural presence and authority.

The small New Gallery upstairs is given to the drawings and working studies of the late better than the best of the work sent to it, and we should not expect from it any clear statement on the present health and inclination of the art world. A few things we already know are confirmed: figuration in its various forms predominates; expressionism is all; constructivism and conceptualism, the hard edge and the cool surface, are nowhere to be both formally and in terms of its ideological content, but are

direct South Bank

Summer Music

fonietta since 1972, has been appointed Guest Artistic Direc-

tor of the South Bank Summer Music Season in 1986. The

season opens July 28 and runs

the world premiere of Harrison

The programme will include

throughout August.

David Freeman.

Maria João Pires/Elizabeth Hall

**Dominic Gill** 

The state of the s

New Art from Scotland at the Warwick Arts Trust in Pimlico (until February 16) is not quite an open exhibition, but a per-

art is lively at the moment and enjoys a certain critical vogue. Its particular character is figurative and expressionist. usually large in scale and most forcefully stated, and either

symbolic or mythic in its content or jokily anecdotal.
We run the gamut here even within this comparatively small compass, with the decided bopus that many of the most placent notice are struck by plangent notes are struck by comparatively unfamiliar comparatively inflamiliar hands. But the essential problem, which is the age-old problem of the Silk Purse, remains. Beyond these known generalities our understanding of Scottish art remains untransformed and it is left to us again, to look out the good things for

Ian McGulloch, victim ludorum in Stirling, dominates the main room with his huge Adam und Eva, a loose, lateral and graphic, as opposed to painterly, graphic, as opposed to painterly, composition. How often the big prizes. David Linley's darkly atmospheric and encrusted Dead Tree broods strongly in the corner; and Peter Howson, with his hugely buiging greenirousered Lowland Hero, confirms the impression he has lately made of himself as one lately made of himself as one of the most talented members of the most talented members of the New Scottish School. Adrian Wiszlewski's romantic boy reaper, the simple head by Douglas Thomson, and Kenneth Roberts's small lowering skyscape in the hall, should all be noticed.



Charcoal on paper sketch of a workman for Newham Hospital panel (1982) by Ray Walker

### Indian Queen/St John's, Smith Square

### Richard Fairman

I liked her conception of the first movement, unusually fierce were unfulfilled. A capacity and grand in its linking sec-tions; but her choice of tempo for the second movement had the air of an impulsive error of judgment rather than a sober prospect of a presentation that matched Purcell's mature and decision—so fast that the music flashed by in an impressionistic blur. There were other tempo imbalances too, notably in the final long accelerando. But forced her to interrupt her impulsiveness was a minor career, and her appearance on Sunday was her first in London for more than a decade.

Her Mozart recordings I should take heart: her career

in just about equal measure. Her Mozart recordings I should take heart: her career remember as attractive is surely set to blossom again. I look forward to a return visit sunday we heard performances of another class entirely, Mozart playing of the highest distinction. Her K332 in F major had marvellone deligent.

The promises of this evening Indian Queen, as Purcell would sword plunged into a belly.) vere unfulfilled. A capacity have seen it, is hardly ever with the acoustics of St John's were unfulfilled. A capacity have seen it, is harmy ever with the accounts of st solid audience had been drawn to St given today. Although the swallowing up half the words, composer may have called the anybody sitting at the back of saturday evening, lured by the piece a "dramatick opera," its the hall, as I was, ended up score in reality amounts to little none the wiser, even after three more than generous incidental

(Bloodcurdling screams rang

hours. Unable to judge the music in artiess of solo si be regretted all the more. The out every time a non-existent final masque, added later by the optimism.

composer's brother, is dis-appointing. Judged at an amateur level. the musical results were only reasonable. At least one of the singers (the soprano Sarah Poole) was delightful and there matched Purcell's mature and endlessly inventive score for the Indian Queen to the play for which it was intended. But, sadly, the efforts of the largely amateur Purcell Opera Company, a new venture, fell flat in both the music and the drama in just about equal measure.

In view of the rarity and operation of the rarity and open to the play came with no sets, no props, and a good open than generous incidental music to Howard and Dryden's Unable to judge the music in that the context, one had to make the music one had to make the music one in it in isolation. And here, at least, there was still much pleasure to be had, for the pleasure to be had, for the largely one the most rewarding of Purcell's in the event the play came with no sets, no props, and a good deal too much acting from the fugal instrumental symphonies of "Sound the trumpet" was a real strength in the performers' overall grasp of the music, one needs to see the play at least, there was still much pleasure to be had, for the largely at least, there was still much pleasure to be had, for the lower the music in most of it in isolation. And here, at least, there was still much pleasure to be had, for the lower the most of it in isolation. And here, at least, there was still much pleasure to be had, for the most remains one of the most rewarding of Purcell's in the event the play came with no sets, no props, and a good inventions—a patchwork quilt of a score in which complex near-them. potential interest of what they camp, Hammer school of horror. sit side by side with the most of "Sound the trumpet" was a

# ILEA Concert/Festival Hall

### Max Loppert

Michael Vyner, Artistic Director of the London Sinthe history of this admirable enterprise. On Sunday, alas, some strain showed through—or perhaps it was the relative shortages of rehearsal time that the concert exposed. For Bartok's string-orchestra Divertimento Birtwistle's Yan Tan Tethera and a new production of Cosi Fan Tutte, both to be staged in the Queen Elizabeth Hall was all over the place. Hardly a bar of the outer fast movements by Opera Factory London Sin-fonietta under the direction of

The programme of 20th century music presented on the South Bank by the ILEA Schools' Symphony Orchestra was surely the most taxing in the history of this admirable enterprise On Sunday also. with a rather more regular degree of certainty. It is, in-

sounded firmly in place, while chatter here, whereas the Barcome to conduct his Triple Conlyrical reverie that forms the in the central Molto Adagio, in tok had been accompanied by certo. Most of the available work's centre-point, the music spite of clear and cogent direction from Nicholas Cleobury, a and whisper). And Mr Cleobury into the preparation of this wonderful radiance.

passing failures of absolute un-animity, particularly when—as almost all overcome with ease in the gigantic chordal proces-and freshness. The three solodegree of certainty. It is, indeed, a splendidly colourful sion that sways the final moveand striking choice for a concert both played and attended by young people (among the attenders there appeared to be buy gave way on the podium buy gave way on the podium anotable diminution of to Michael Tippett, who had chatter here whereas the Barcome to conduct his Triple Concerts of certainty. It is, introduced in the mass the final moveant ists from the Nash Ensemble—the Marcia Crayford, violn, Roger Chase, viola, Christopher van Kampen, cello—were on excellent form, particularly Mr Chase; and in the miraculous lyrical reverie that forms the work's centre-point, the music

### David Murray

Shostakovich/Barbican Centre

was the point: to set Beet-hoven's stem but decisively triumphant progress against the long, brutally ironic, desperate please. The next year, of course, shostakovich's Fourth. Shostakovich satisfied everybody with his "Soviet Artist's Reply with his "Soviet Artist's Reply to the satisfied everybody with his "Soviet Artist's Reply with his "Soviet Artist's Reply to the satisfied everybody with his "Soviet Artist's Reply to the satisfied everybody with his "Soviet Artist's Reply to the satisfied everybody with his "Soviet Artist's Reply to the satisfied everybody with his "Soviet Artist's Reply to the satisfied everybody with his "Soviet Artist's Reply to the satisfied everybody and the satisfied everybody are satisfied everybody are satisfied everybody and the satisfied everybody are satisfied everybody and the satisfied everybody are satisfied everybody and the satisfied everybody are satisfied everybody are satisfied everybody and the satisfied everybody are satisf

Though it was fortuitous that the BBC chose to broadcast David Pownall's play Master Class a few days before, that was to the point too. Stalin's bullying of such artists as Shostakovich made the common snatatorich made the common crisis (Shostakovich's account in Volkov's Testimony, which I don't doubt to be substantially faithful, is just as funny and terrifying as Pownall's). The Fourth Symphony was an occure maudite, withdrawn during rehearsals in 1936 just in the nick when the composer learned how angry Stalin was about his Lady Macbeth of Misensh opera. You might suppose that Stalin would need an actual text to detect subversion—that an abstract symphonic work would be safely opaque; Shostakovich must have known better, for the bitter charge of the piece is designed—even anti-musically—to strike its audience hard. crisis (Shostakovich's account its audience hard.

with a bleak passion equal to the composer's. (It was furny to see the large audience who had come to hear dear, cuddly Slava

The Barbicau programme-book on Saturday was of two binds about the key of Shosta-rose here to their unwunted minds about the key of Shostakovich's Symphony No 4, given
as D minor on one page and
C minor on another. C minor is
right, and that surely figured in
Matiglav Rostropovich's programme-planning; for the other
work he chose to conduct for
the London Symphony was
Beethoven's C minor symphony,
the Fifth. Not, on the face of
it, a natural or comfortable
pairing—but I take it that that
was the point: to set Beethoven's stern but declsively
of the music is designed to
founder, not to satisfy nor to founder, not to satisfy nor to

> with his "Soviet Artist's Reply to Just Criticism." the Flith Symphony. I think he must have supposed that the Fourth was in the closet for good, since several orchestral ideas and gestures from it are plantly reseveral orchestral ideas and ges-tures from it are plainly re-cycled in the more shapely. Fifth: instinct says that he rould not have done that so candidly had he thought the Foirth had any future. And as a musical work, as distinct from a personal outery, the Fifth plainly supersedes the Fourth— the borrowed material gets mature development, and is cogently built into the higger edifice. Nor, as we have been edifice. Nor, as we have been coming to realise, does the Fifth soften the message; it only sets it out more judiclously.

Rostropovich made the end-ing, where a long, optimistic march simply forgets where it was going and subsides numbly, blandly chilling. Earlier. Beet-hoven had not been perfectly Rostropovich managed that Rostropovich managed that with a bleak passion equal to the composer's. (It was funny to the composer's. (It was funny to the large audience who had come to hear dear, cuddly Slava having to face it out). The Symphony is ment and trace here. Symphony laments and rages by Beethoven was only the stalk-turns: the laments are Steady ing-horse here.

### Man and Music/Channel 4

### **Andrew Clements**

Kenneth Clark laid the ground tules for the glossy television part-work in Ciritisoton almost two decades ago. and since then some aspect of almost all the arts has been treated in this way. Up to now though, music has largely escaped, perhaps because the combination of ravishingly photographed travelogue and illustrated history ches not encompass one vital ingredient raway of presenting the music with plenty of potentially every specialist control of the story.

—a way of presenting the music itself. Man and Music, launched on the present series of four hourlong programmes is but a tiny
beginning and when complete
the project will evidently consist of 100 instalments. Stanley
Sadie is musical adviser for the
Sadie is musical adviser for the
a madrigal, the last delivered series and it has been produced have been a very generous budget. The approach is to be as much sociological and his-torical as purely musical, with the sensible intention of draw-ing in a wider non-specialist audience. The first group of programmes considers the changing relationship between the composer and his patrons through the centuries, beginning on Sunday night with Monteverdi and his years in service of the Duke of Mantus.

In the end though the music is only a side-show; no one is going to discover Monteverdi from a quarter of an hour of music, in a 60-minute pro-

ful of these series have used a

relatively easy starting point, with plenty of potentially eye-catching film, of the Ducal Palace in Mantua and of rela-Sunday night on Channel 4, is tive paintings of the period. The an attempt to remedy that history of the court and its omission on the largest scale; patronage of Monteverdt was the present series of four hour told without frills and with a

a madrigal, the last delivered in period costume, with embarrassing theatricality. The musical direction is reassuringly entrusted to Rozer Norrington, though the performers themselves are some-thing of a mystery—the credits refer to the Early Opera Project, which is a new name to

In the end though the music Previously the most success- gramme. On the other hand. those who already know someful of these series have used a single presenter. From Clark and Bronowski to Ronald Harwood and Robert Hughes, all of them have been deeply immersed in their subjects, so that enthusiasm and partiality cal facts. Whether the same mixture will be sufficient when against erudition. Man and Music uses a narrator in the present remains literally to be Music uses a narrator in the present remains, literally, to be traditional documentary way; seen.

# Germany reclaims war art

after final agreement is signed

The collection, 6.255 strong, was formed from 1941 to 1944 when, under Hitler's orders, a special unit of 80 artists was established in his Propaganda Division. It was gathered up by United States intelligence agents at the war's close.

West Germany first made an official request for the return official request for the return official request for the return of the storic and aesthetic value. They include

West Germany first made an official request for the return of a small group of naval scenes by Claus Bergen in 1978. After permission was granted and the works returned, Germany asked for the rest of the collection. President Reagan signed the necessary legislation in March 1982 after an Act of Congress.

necessary legislation in March
1982 after an Act of Congress.

Before the transfer could be made a 15-strong team representing the State Department and the Holocaust Commission had to sift through the material, vetoeing works that contravened the Potsdam Agreement of 1945

scene shows a soldicr taking a dip in a stream, his elothes lying in a heap on the bank. The Ministry of Finance in Germany will decide whether to donate the collection to museums or scientific institutions.

Sarah Jane Checkland

A collection of German war forbidding the display of images art commissioned by the Third which might revitalise the Nazi spirit.

Vetoed paintings include Heroic portraits of Hitler as an orator or on horseback as

thetic value. They include many landscapes and town-scapes as well as poignant scenes of war devastation which could have been the work of artists from either side. One scene shows a soldier taking a

Sarah Jane Checkland

### Saleroom

A weekend sale of historical matic Reception Rooms at the American portraits at Chris- State Department in Washingtie's, New York, realised a ton. The price was a record for total of \$1,881,000 (£1,363,043). the artist. A record price for Every lot was sold. The por- the work of John Trumbuil was traits were from the collection also realised when an anonyof John Jay, ambassador and mous buyer paid \$286,000 for revolutionary, who played a crucial role in the founding of the United States.

A portrait of John Jay by Gilbert Stuart (1755-1828) was sold for \$990,000 to the Diplo-

his portrait of John Adams,

The New York dealers Hirschl and Adler paid \$242,000 for Trumbull's portrait of George Washington.

Annalena McAfee



Walker.

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/ Wednesday. Exhibitions/Thursday. A selective guide to

all the Arts appears each Friday.

# Opera and Ballet sti, Hama Schwarz and Harald Stamm (20761).

La Traviata co-produced with the Tea-tro Commale of Florence and New York's Metropolitan Opera conduct-ed by Zubin/Mehta/Rico Saccani in Zeffirelli's production. Violetta is sung by Cecilia Gaschia/Etelka Csav-lek, Flora by Eva Samova, while the role of Alfredo is alternately held by Giacomo Aragall, Neil Rosenheln and Manfred Fink. Paris Opera (4266 5022).

Sueciacle Group "39 his da Mémoire"

PARIS

pectacle Group "39 his de Mémoire" in Wilfride Piollet's and Jean Guiz-erix choreography at the Opera Comique (42960811).

WEST GERMANY

Berlin, Deutsche Oper. This week's highlight is Aida with Anna Tomo-wa-Sintow, Giorgio Lambert and In-gvar Wixell. Fidelio has Ingrid Bjon-er outstanding as Leonore. Die Zan-berflöte brings together Lucy Pea-cock, Cheryl Studer and Bengt Runderen (34311) Rundgren. (34381). Jamburg, Staatsoper: Wozzek has

Karen Armstrong, Franz Grundheber and Dieter Weller. Otello, conducted by Guiseppe Patané, stars Julia Varady, Vladimir Atlantow and Piero Cappuccilli. Der Fliegende Hoffänder has Lisbeth Balstate and Behent Schulb. Alla Fatte. gende Holländer has Lisbeth Bals-lev and Robert Schunk. Also Katja Kahanowa and Der Rosenkavalier with Barbary Bonney, Brigitte Fass-baender and Kurt Moll (35115) Cologne Opera: The highly acclaimed Salzburg production of Monteverdi's Die Heimkehr des Odysseus, ar-

ranged by Hans Werner Henze,

Stamm (20761).

Frankfurt, Opera: Die Trojamer produced by Ruth Berghaus has Anja Silja, Rachel Gettler and William Cockran, Jill Gomez and Benjamin Luxon, accompanied by the Frankfurt Opera Ovchestra, are singing duets by Purcell, Rosenmüller, Villa-Lobos, Brahms and Schoenberg. (Thur). Dido and Aeneas, conducted by Michael Boder with Glenys Linos and Valentin Jar and Der Wildschütz round off the week (25621).

(2521). Stutigart, Württembergische Staatsop-er: Premiering this week is Martha. The cast includes Krisztina Laki, Waltraut Meise, Jürn W. Wilsing and Rüdiger Wohlers. Further performances are Don Giovanni, Figano's Hochzeit and Die Lustigen Weiber von Windsor (20321).

ITALY

Milan, Teatro Alla Scala: Madame Butterfly conducted by Yoshinori Kikuchi, with Eleonora Jankovic and Gorgio Zancanaro; I Lombardi Alla Prima Crociata, a new produc-Gavazzeni conducts (809128).

Rome, Teatro dell'Opera: Gustav Kuhn conducts Cavalleria Rusticana and a new work by Lorenzo Ferreo (libretto by Giuseppe di Le-va), with Nicola Martinucci, Elena Obrazisova, and Glovanni de Angelis. Production, scenery and costumes by Luciano Damiani. (461755).

Turin, Teatro Regio: Luigi Dallapicco-la's rarely-given Ulisse, conducted by Milan Horvat and produced by Sylvano Bussotti. (548000).

NETHERLANDS The Nederlands Dans Theatre with Sinaphal by Nacho Duato to music

Sinaphai by Nacho Duato to music by Xenakis and Vangelis, Hans van Manen's Ballet scenes and Jiri Kyl-ian's Lieder eines fahrenden Gesell-en (Mahler). Mon in Groningen, Schouwburg (13 10 44). The to Thur Amsterdam, Schouwburg (23:23 II).
Imsterdam, Carre Theatre. The Na-tional Ballet in a free interpretation of the Becchae by Euripides. Direct-ed by Gerardjan Reinders with mu-

sic composed by Boudewijn 7 reaskeen (I've to Thur). (225,225). SPAIN Barcelona: Manun, starring Alfredo Kraus with Ana Maria Gonzalez, Enric Serra and John-Paul Bogart, conducted by Jean Perisson. Gran Teatre del Liceu, Sant Pau 1.

LONDON

Royal Opera, Covent Garden: Gou-nod's Faust, in John Copley's un-even production, returns with a not-ed French conductor, Michael Plasson, and a strong (though not very Gallic) cast of principals: Stuart Burrows in the title role, Samuel Ramey and Nelly Miricioiu as Me-phistopheles and Marguerite. Fur-ther performances of the brilliantly colourful and exotic Turandot, with Gwyneth Jones, and of Simon Boc-canegra, exceptionally strongly cast with Renato Bruson, Kiri te Kana-wa, and Robert Lloyd. (240 1066). English National Opera, Coliseum: Rossini's Moses, one of his grandest and most impressive works, contin-ues in the repertory, with John Tomlinson in the title role and the

---

conductor. Further performances of The Mastersingers, a good company effort (with a particularly attractive Eva in Kathryn Harries), and last of the interesting new Don Giovanni production by Jonathan Miller, with William Shimel, Richard Van Allan, Josephine Barstow, and Felicity Lott. (8363161).

veteran Italian Alberto Eredo as

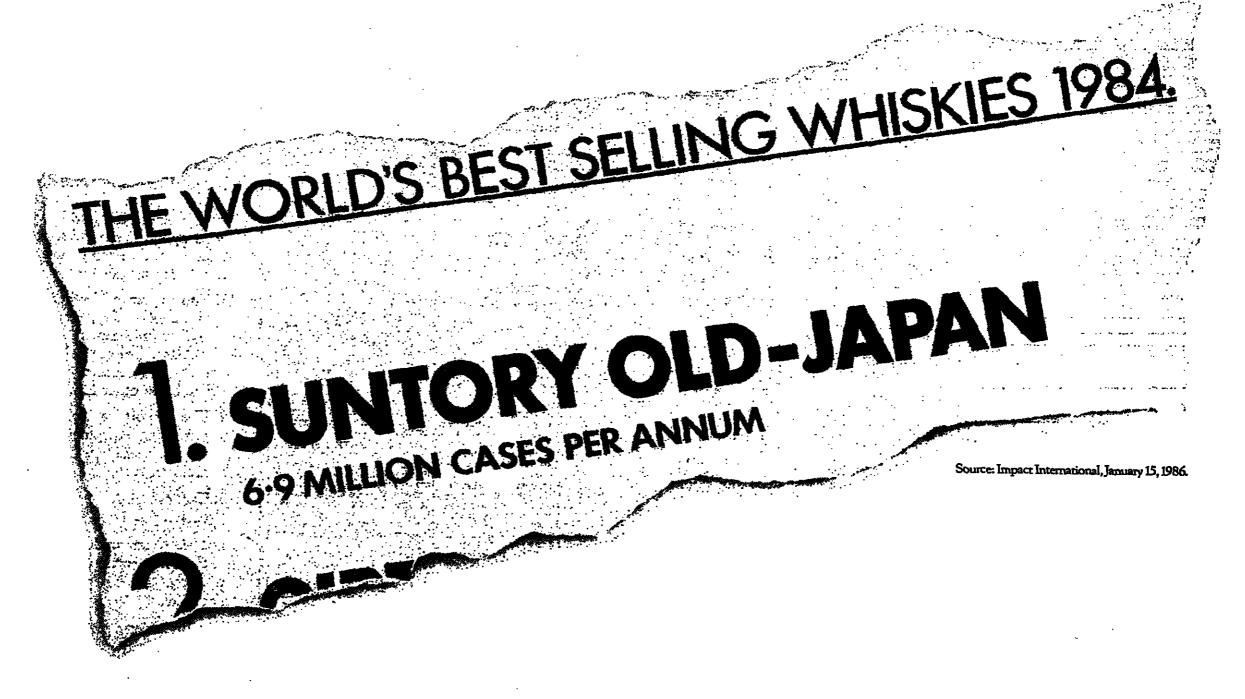
Jan 24-30

### **NEW YORK** New York City Ballet (NY State Thea

New York City Ballet (NY State Thea-ter): The repertury of mixed pro-grammes this week includes Stanghter on Tenth Avenue, In the Night, Allegro Brillante The Cage. Lincoln Center (8705370). Metropolitan Opera (Opera House); Monserrat Caballe sings the title role of Tosca with Luciano Pavarotti as Cavaradossi, conducted by Carlo Felice Cillario in a week that in-cludes Romeo et Juliette with Cath-erine Malfitano and Neil Shicoff in the title roles, conducted by Sylvain the title roles, conducted by Sylvain Cambreling as well as Neeme Jarvi conducting Angust Everding's pro-duction of Khovanshchina, with Na-talia Rom as Emma, Florence Quivar as Maria and Wieslaw Ochman as Prince Golitsyn. Lincoln Center

WASHINGTON Washington Opera (Terrace): Daughter of the Regiment conducted by Joseph Rescigno with Eric Mills, François Loup and Joyce Castle plays in repertury with Christopher Columbus, conducted by Handolph Mauldin with David Exler, Elaine Bonazzi and Karen Hunt, in Roman Terleckyi's new production. Both are sung in English. Ends Feb 2. Kennedy Center (4228700).





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### WORLD TELECOMMUNICATIONS

The state of the s

# GTE opens big door for Siemens

World public telephone exchange

THE RECENT agr principle by the Munich-based Siemens and GTE of the US, to form a joint equipment venture promises to give the large West German group a powerful lead over its main European rivals in the race to grab a share of the vast American telecommunications market.

GTE is the largest vertically integrated telephone company in the US. It owns 19 local telephone companies providing 12.3m business and residential exchange lines, which generated revenues of \$9bn in 1984. These subsidiaries constitute a large captive. captive equipment market which could also provide a springboard for Siemens' ambi-tions to seil its products—particularly digital public tele-phone exchanges—to other cus-tomers in the US.

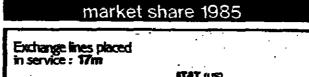
"It seems this has finally given Siemens the opportunity to get into the US in a very big way," says Mr Malcolm Ross, a way, says Mr Malcolm Ross, a telecommunications expert with the consulting firm of Arthur D. Little in Wiesbaden, West Germany. "Without such a deal it would take great effort and a long time to make it big in the US."

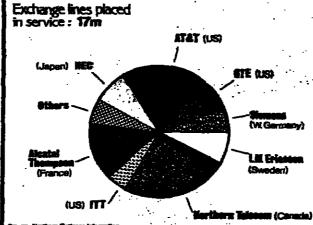
The planned alliance with GTE is a key element in Siemens broader strategy to try to expand its business in the US, expand its business in the US, which last year accounted for only 10 per cent of the company's DM 50bn (\$20.4bn) turnover. It may also have political implications for trade relations between the US and West

Other European companies, Other European companies, notably Sweden's L. M. Ericsson, France's Alcatei Thomson and Britain's Plessey have also been eyeing the US digital exchange market since it was opened to competition by the break-up of American Telephone & Telegraph's Bell Telephone system two years ago phone system two years ago. But despite sizeable investments, none has yet made a

major sales breakthrough. The 22 Bell companies serve about 80 per cent of US subcompany is vying to become the third supplier of digital exchanges to them, after AT&T and Canada's Northern Telecom. Siemens has earmarked more than \$200m for its effort and recently won an exchange order from Wisconsin Bell—the first placed with a European supplier

A deal with GTE, which is independent of the Bell com- Thomson and would be ex-





panies, could be a big step along the way for Siemens; or, at the least, a valuable consolation prize. For GTE, a link-up would spread the growing burden of its own manufacturing operations. These have long met most of the equipment needs of its local telephone companies but have won only limited orders elsewhere.

Continued development of the GTE-5 EAX digital exchanges, mostly for its own use, is becoming immensely costly, even for a group with 1984 sales of \$14.5bn. Funding has been made even harder by the heavy losses which GTE has recently suffered on Sprint, the hard-pressed long-distance telephone business on which it plans to take a write-off of more than \$1bn.

Under the agreement, GTE's public exchange and transmission manufacturing units would become part of the planned joint venture, while Siemens is expected to contribute its public exchange, transmission and packet switching businesses in the US. The agreement also envisages co-operation in Belgium, Italy and Taiwan, where GTE is already established.

The merger would bring to gether two companies with a combined share of the world public exchange market of around 14 per cent. That would be equal to the share of Alcatel

ceeded only by AT & T and Many details of the proposed joint venture, including the arrangements for management control, have to be settled in the next few months. However, many industry analysts believe it may turn out to provide a graceful method for GTE to run down its involvement in manufacturing so as to concentrate

"If the agreement is carried through completely, there is no question that GTE will abandon its digital exchange activities," says Mr Francis McInerney of Northern Business Information, a US consulting firm. "Siemens has the technology and the products. GTE's greatest strength has always been wringing local telephone rate increases out of regulatory authorities."

its local telephone busi-

The two companies refuse to confirm this, though they have said the proposed deal would bring together Siemens' tech-nology and GTE's market presence. That has been widely read as an indication that the West German company would, at the least, call most of the shots over future product development.

A key issue, however, is the future of the GTE-5 EAX digi-tal exchanges which the US company has already delivered to its own telephone sub-sidiaries. GTE expects to have installed about 6m lines by the

end of this year and insists that the joint venture arrange-ments include a commitment to continue to service and upgrade the new exchanges.

That condition, along with the precise financial arrangements between the two com-panies, could still prove a stumbling block in negotiations on a final agreement.

None the less, for Siemens to have got even this far represents a remarkable recovery by the West German company. Less than a decade ago it was in serious danger of being left hopelessly behind its international rivals in the race to develop its own digital exchange family to replace older analogue equipment.
But in the past few years, it

has made a huge effort to catch up and now has orders from more than 20 countries for its EWS-D digital system, which it is converting to meet US specifications.

Siemens already has a successful US joint venture in telecommunications with Corning Glass. The joint company, Siecor, claims to be the largest American producer of optical fibres, which are being used extensively to being used extensively to replace copper wire in tele-phone networks. Siemens also makes private branch exchanges and terminals at a plant in

The planned GTE deal would, however, promote the West German group's presence in the US telecommunications market into a much bigger league. In so doing, it could also aggravate the growing tensions between Washington and Bonn over telecommunications trade—with implications for Siemens on its home turf.

The US has been stepping up diplomatic pressure on Bonn to allow American suppliers more freedom to compete in the West German telecommunications market. At present, access is rigidly controlled by the powerful Bundespost (post office) and a club of favoured manufacturers led by Siemens. The GTE deal, if completed, could provide powerful am-munition for the US attacks strictions. Many of the Bun-despost's critics in Bonn privately hope that it will. They argue that West Germany's monopoly innovation so severely that pres

sures to reform it—from any quarter—should be encouraged

TRADE **PARTNERS** WELCOME

Shandong Leather and Leather Products Business Talks will be held from 1st - 7th, March, 1986 at "Shandong Foreign Trade Centre", 11, Nanhai Road, Qingdao, China.

The, business talks will represent a good opportunity of discussing both import and export availabilities. Details are as follows:

- 1. The export of leather garments, all kinds of gloves, suitcases, leather and canvas bags, leather wallets, leather shoes, house shoes, pig leather, raw goatskins and some other leather products.
- 2. The import of leather products processing equipment as well as raw materials and leather goods accessaries.
- 3. Technological transfer exchanges.

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For invitation, please contact Mr. Gao Feng

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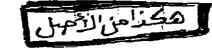
British Telecom.

As Plessey now looks to the outside world for

further System X success, it's reassuring that Hull-the only independent telecommunications authority in mainland Britain - chose Plessey and System X despite international competition. So did Guernsey.

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TWO NEW enterprise agencies are to be launched in the next few weeks aimed principally at generating more business their respective directors, Joe Greenland and Winston Collymore, have experience in busi-

As Greenland puts it: "There is a tremendous imbalance between the number of black businesses and those run by whites. It is a question of trying to correct that imbalance. Also, we find a disparity in the amount of unemployment and the evidence is that this is due to discrimination. We want to try to create opportunities within the ethnic minority com-munity itself that will lead to

Business in the Community (BIC), the private-sector backed umbrella organisation for Britain's network of enterprise agencies, sees other such agencies following, with Birming-ham's Handsworth top of the

Greenland studied business at Bradford University, where he also took a postgraduate degree. He has lectured in economics but more recently has been business development officer for the UK-Caribbean Chamber of Commerce and, now, Lewisham Council.

His opposite number at Finsbury Park, Winston Collymore, has an economics degree from the L.S.E., qualified as a chartered accountant during four years in the City with Coopers and Lybrand, and then went on to do an MBA at Aston Uni-

Collymore is no mere theorist: his MBA project was for an "ethnic" greetings cards company which he then proceeded up and run. He maintains that bank managers do not generally understand that there can be good markets for "ethnic" products, something can be good markets for "ethnic" products, something He says: "People ask me he discovered when outlining his own ideas. I used to go to a lot

his own ideas. In his own case, though, he demonstrated his case by explaining that black people who have just become parents hardly want congratulatory greetings cards with pictures of white babies on them.

The new agencies are unusual efforts between central Government, the private sector and on the line so I have had freethree Left-wing local councils—dom to do things that others
Lewisham in the south and
Haringey and Mackney in the
The south and tree-dom to do things that others
would not dare."

Greenland says that existing

Some of their funding will to reach the black community come — for the first time for my enterprise agency— from the Home Office which has munity about them. from the Home Office which has munity about mean.

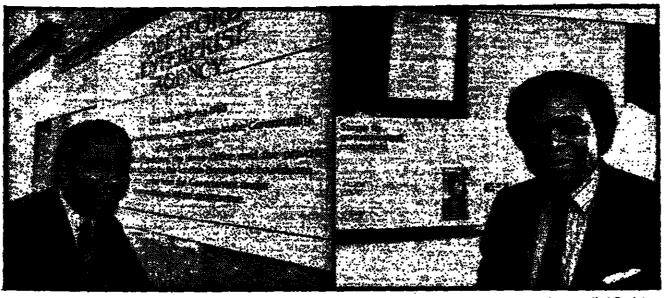
They could organise environments using questioning urge to back them.

Where blacks have discovered authorities to spend in areas agencies, the experience has where ethnic minorities connot always been happy; in try
cities specialist, says: "Many from the private sector to learn programme funds."

Enterprise agencies

# activity among London's Afro-Carlobean community. One is based at Depttord, in south London at Finsbury Park. Both London at Finsbury Park. Both

BY IAN HAMILTON FAZEY



Hugh Routledon Joe Greenland (left) and Winston Collymore; leading a new business drive among London's Afro-Caribbean community

in future.

people. These black sponsors

white board members.

centrate. In this instance it ing to encourage self-help there

Not that Collymore needs the money. His greetings card business is thriving under delegated management and employs 21 people. He also runs a successful tax and financial planning consultancy. Until the Finsbury Park agency opens he is continuing with a regular job as principal econoxic development officer for Haringey Council.

of American trade exhibitions where it was common to find plenty of black exhibitors. In this country you will rarely see a black person on a stand as an employee. I have enough money to be independent so I decided to do something about it. Because of my independence I have never felt my job was

Greenland says that existing enterprise agencies have failed

will pay Greenland's and Colly-is usually an assumption that more's wages. would-be entrepreneurs have an educational, social or cultural background that will enable them to do all the necessary preparatory work and research with just minimum guidance. Greenland says of the people he will be trying to help: "They lack communications skills. They don't have the shopping list of skills to do what might

be suggested at the majority of agencies. They need more sup-port to do research and put it all on paper. "We find this phenomenon is much more evident in the UK, especially compared with the US and Canada where black people are more enterprising and creative. The education system is failing the Caribbean community. They are lost in the normal small business culture. Their credit-worthiness is questioned. People feel dis-appointed by this," he adds. The idea of "ethnic" enter-

prise agencies may seem obvious but BIC believes that they could not have happened before the enterprise agency move-ment itself had attained some maturity and Britain's big com-panies had developed an un-

companies were much more a lot, too. Finsbury Park's worried by last year's outbreak first two will be from National of inner city disturbances than they were in 1981, particularly the UK drinks and foods those with high street premises group. like the banks and retail stores.

My overall feeling from discussions is that while in 1981 companies did not know what companies did not know what secondees to the enterprise agencies gain experience the like the banks and retail stores.

companies did not know what was going on by 1985 most of them had formulated some story for themselves about what they were doing."

Private sector backers for the strategy in the capital will be to co-ordinate the capital will be ca Private sector backers for the Deptford and Finsbury work of 12 enterprise agencies. Park agencies include Citibank, in inner London, with specially. NatWest, Allied-Lyons, Barclays, and Chase Manhaitan. Various City institutions are funding the development of nearby workshops which the agency directors expect to run profitably to pay their own way in future.

Capital will be to co-ordinate the capital will be to capital will be to co-ordinate the capital will be to

future. efforts can be made to pull Local black businesses are together every possible public also acting as sponsors. At or private sector source of Finsbury Park the board will funds and help to encourage be chaired by Tony Wade, managing director of Dyke and local enterprise. . He says: "We see these London Dryden, a local company specialising in the import of cosmetics designed for black

efforts on a pilot basis. We want enterprise agencies to be more pro-active, not to wait for people to come to them. They must develop a capacity to respond to inner city problems. will in themselves contribute to an educational process for They could organise environ-mental improvements using

### In brief...

MIDLAND BANK, which aiready offers free banking to people on the Government's enterprise allowance scheme, is now to give all scheme customers a free counselling session after nine months.

Under the scheme partici-pants receive \$40 a week for a year to help tide them over while they build sales. The Midland's counselling service becomes available to them at a crucial point as the end looms of both the allowance

oning or both the anowater and free banking.

The success of the scheme in encouraging small business start-ups has been such that places are being increased from 65,000 to 80,000 a year.

The energical rate after the The survival rate after the first two years was about 75 per cent.

THE CBI is staking a one-day seminar with Franchise Development Services on February 18 at Centre Point, London.

The seminar is simed at

companies which are consider-ing franchising their expan-sion, individuals looking for a sion, individuals looking for a franchise to purchase, and accountants, solicitors and bankers, who have to advise clients on the subject.

Seminar information from Angela Medway, CBI, Centre Point, London WC1A 1DU. 01-379 7400.

THE NORTH West regional management centre has found a way to back through the training jungle by putting more than 1,000 courses and training programmes in its area on a computerised database.

The system is designed for any type of organisation to use but is expected to have special appeal for small busi-nesses. If exactly the right course cannot be found there

course cannot be found there are 300 tutors on the data-base who can design some-thing tailor made.

More important is that the service is free to users, who can get details by phoning the centre at its headquarters to Cherley, Lancs (02572-68942).

EVIDENCE of the appeal that property development holds for Business Expansion Scheme investors comes from Gladding Secured Contractors, which has extended its current BES offer to Febru-

ary 14.
The company is sponsored by London-based Chancery Scentities and was seeking a minimum subscription of £500,000. But £1.7m has been raised since September.

### Mainmet

# The cost of credibility

IF YOU offered people free product range. Mainmet now food for life, they wouldn't be-lieve you." says George Towler. of about £0.75m from servicing No matter how grand or simple and maintenance contracts for the promises of a small busidistrict heating schemes. It ness, winning confidence and acquired that business from credibility are the two main Clorius in the management buychallenges, he says, and they out. It has four principal can easily clude someone who clients covering about 9,500 is just starting out.
One of the tragedies for

small company can be wound up or taken over."

Towler is joint managing director of Mainmet Holdings, a small company based in Cullingworth. West Yorkshire, which designs and assembles to the controllers. pre-payment heat controllers, markets heat metering equipment and also makes water conservation devices.

The prepayment controllers, which use a card in the slot rather than coins and cost about \$200, are aimed chiefly at largemunicipal heating schemes. The controllers enable consumers on district heating schemes to buy the heat they use on a pay-as-you-go basis. Towler says that between 12 and 15 councils are interested, and a pilot scheme is being run in Stockton-on-Tees.

But convincing councils of the need for his product has been trying and time-consuming, says Towler, 44, who started the com-pany in 1981 after a management buy-out from ISS Clorius, the Copenhagen-based heat meters concern, for which he was north of England and Midlands regional manager.

The Northern Ireland regional manager, Bertie McFadden, was also in the buy-out, and he is now Towler's fellow managing director. He continues to operate in Northern Ireland, heading a Bangor office for Mainmet. Towler and McFadden acquired the business carried out by Clorius in the North, Midlands and Northern Ireland, and together they put £80,000 into starting up Mainmet.

Towler says every small company ideally needs a "bread and butter" income on which it can rely while developing its

district heating schemes. It out. It has four principal clients covering about 9,500 dwellings, and maintenance accounted for 24.6 per cent of "One of the tragedies for accounted for 24.6 per cent of small businessmen is that it can the group's turnover in the take so long to win the backing year ended May 1983. Meter that leads to confidence, that reading, accounts preparation they go under," says Towler. and rent charge collection accounted for 39 per cent of bodies such as local authorities that your product is the one "Without that income, and for them, and in that time, a bearing in mind the length of small company can be wound time it can take to win confidence and orders we wight how. dence and orders, we might have been in trouble," says Towler.

Mainmet has expanded from a staff of 27 at the end of 1981 to about 80 now. Turnover in 1983/84 was about £1.2m compared with £1m in the previous year. The company predicts turnover of "well in excess of £2m" in the year to May 1986.

Towler says confidence has been won partly through pre-sentations both in the UK and in Europe. He believes that easy-to-understand displays of how a product works are very important in convincing potenimportant in convincing potential customers. The company also believes in publishing bright, well laid-out publicity material. "Literature is the image of the company," says Towler. "We never forget that; it is your first chance to influence a customer."

influence a customer." The company went public in October 1983, and Towler says that was one of the busiest times of his career. "I was fully occupied for a whole year," he says, "and I feel something should be done to make it easier for small firms to go public. There were so many gaps in our knowledge. "It cost us £70,000, but in terms of management hours,

Towler sees a big market for the prepayment heat controllers in Europe, where he says there are 19m homes that could benefit from the devices. His main competitor in the UK is Sangamo of Felixstowe, he says, meters under licence from

John Kitching

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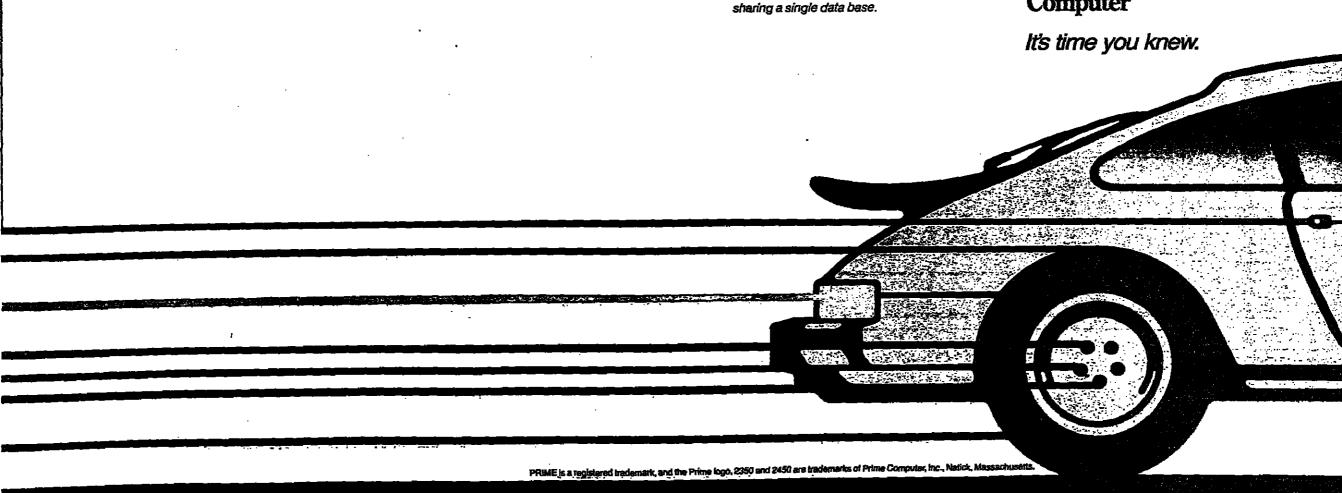
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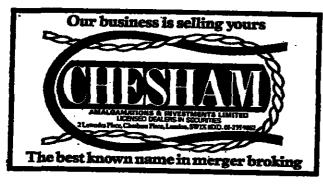
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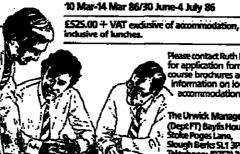
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Tuesday January 28 1986

# Not the end of the affair

CONTRARY to what many opposition MPs thought or said in Westminster last night. Mrs Margaret Thatcher, the British Prime Minister, did come cleau about her role in the Westland affair in the emergency debate in the House of Commons yesterday. It was a tale of extraordinary incompetence and bungling, but at least she told

It is a story of confidential letters being leaked, of personal rivalries, of government depart-ments unable to work closely together, and of the Prime Minister knowing very little

about what was going on.
The new factor to emerge during the course of the day was how close Sir Patrick Maybew, the Solicitor-General, must have come to adding to the list of government resignathe list of government resignations. We now know that the text of bis private letter to Mr Michael Heseltine, then the Defence Secretary, was leaked without the law officers being consulted, and that Sir Patrick had protested fiercely about it.

### Debilitating

All that should be humiliating and devastating enough. It was notable that in the debate not even Mr Heseltine signifi-cantly dissented from the Prime Minister's version of events. Mr Leon Brittan, who resigned as Secretary of State for Trade and Industry, confirmed what she

It is entirely legitimate for the opposition parties to go on Government on the run, but there will be an element of humbug if they keep insisting there is still a cover-up on Westland. The cover has been exposed. What really matters is how a government, any government could come to behave like that in the first place. That is the question that any oppo-sition party, seriously desirous of office, should be asking. It is very debilitating for everyone when the government machine breaks down.

Mrs Thatcher should be ask-Party has a huge majority in the next general election is required.

She is rather more likely to be challenged for the leader-ship within her own party. Mr Heseltine's intervention yester-day may have suggested on the surface that he was willing to bury the hatchet, but there was more than a hint that he was more than a hint that he was burying it in the Prime Minister. A leadership contest may have to be faced, but since there is no obvious candidate for the succession, there is no particular reason why she should not win.

### Collegiate

· What she will have to do in the meantime is to ensure that she can restore efficient government. It will have to be government of a rather different kind from before: less reliance on ad hoc committees, behind the scenes manoeuvres, leaks and counser-leaks, and leaving the tricky matters to Sir Robert Armstrong, the Cabinet Secretary, who is becoming anathema press. In short, the system will policies on sensitive matters have to become more open and such as urban regeneration in more collegiate. But it could be Britzin's hard-pressed inner

One of the reasons why she can still afford to be reasonably confident is the divided opposition. Mr Neil Kinnock the leader of the Labour Party, had a gift of an opportunity yester-day to make Mrs Thatcher and her entire Cabinet look silly. He fluffed it by dwelling on the moral earnestness of it all.

Dr David Owen was infinitely more effective for the Social Democrats. He speaks with experience, authority and cour age. Dr Owen still leads a very small party even if the Alliance with the Liberals is essentially regarded as a single group. There is no sign yet of all the opposition paraies coming together to defeat the Conservatives. Until that happens the Government is free to indulge ing the question, too, and pro-bably is. She is most unlikely Kinnock, Mr Steel of the to resign. The Conservative Liberals and Dr Owen might Liberals and Dr Owen might have a private word about the House of Commons and a co-operation but the chances are good two years to run before that they will not.

# Thatcher factor in Fleet Street

Prime Minister should coincide with a vivid demonstration of how the so-called Thatcher revolution is transforming British industrial life. The entry of a new low-cost competitor in the form of Mr Eddy Shah, a provincial newspaper entre-preneur, has set in train changes in the national newspaper industry which seem certain to lead to far-reaching modernisation in technology and in employment practices. The combination of Mr Shah and the Government's labour legislation (which was an important element in Mr Shah's earlier victory over the print unions in the provinces) has emboldened Fleet Street managements to insist on reforms which were previously con-sidered unthinkable. It was, of ness which led to the virtual production process to the print

### Difficult transition

Resistance to change in newspapers is not unique to the UK. The craft heritage of the unions. the fact that many traditional skills are made largely obsolete by modern technology, the ease with which printers can disrupt the production process—all these factors have made for a difficult and sometimes violent transition from the old to the new. In New York City, for example, there was prolonged guerrilla warfare in the 1960s and 1970s which led to the disand 1970s which led to the disappearance of several famous

Fleet Street is unusual because the change has been so long in coming. It is as though the industry has been immune to normal economic pressures. Threats of closure, which have been the catalyst for change in other British industries during the past few years, have not carried conviction. if only because of the queue of wouldbe newspaper proprietors eager strategy. The Financial Times, to ostablish themselvs in Fleet which has had its share of dis-Street. Instead of the contraction which was confidently predicted, the number of national newspapers has actually increased over the past few paper is already printed in West increased. Hans-Eric Ovin, chairman of Sonessons, resigned just before the contraction in the past, has a particular need for modern the contractional distribution—the past few paper is already printed in West in Now Alexander of Christmas. Now Hakan the contraction in the past, has a particular need for modern the contraction which was confidently predicted, the number of national needs for modern the past, has a particular need for modern the past few past few

As long as Fleet Street remained insulated from lowcost competition, there was no great pressure for change, All newspapers had more or less Street mould is breaking, and the same costs and the same the consequences should be a shortcomings in quality and healthier industry.

IT IS ironic that a time of delivery; readers and advergrave political crisis for the tisers had no cheaper alternative to turn to. The launch of Mr Shah's new paper, expected in March, will widen customer

> In addition, managements in several companies, notably Mr Robert Maxwell's Mirror Group Newspapers and Mr Rupert Murdoch's News International, are prepared to force through changes with a determination and careful advance planning which has been lacking in the past. Mr Murdoch's ability to organise production at, and distribution from, a modern plant at Wapping in east London is the crucial difference between the present confronta-tion and the long stoppage at Times Newspapers in 1979. Contributing to these deve-lopments have been changes in

> the trade union movement and in the legal framework under which it operates. The new rules prohibiting secondary picketing (that is, picketing by employees at plants other than those of their own employer) and the exposure of unions to heavy fines if their members break these rules have weakened the ability of unions to close down a plant through sheer force of numbers; the police successfully resisted mass picketing during the miners strike and the tactic is not even being attempted at Wapping. At the same time the electricians the same time the electricians union, the EETPU, has shown in Wapping and in other cases, that it is not bound by the old rules of trade union solidarity: opportunities created by industrial and technical change to their members'

### Healthier industry

attempted a negotiated, indus-try wide approach to change some years ago, but the proposals were rejected by local union branches. Each company is now developing its own strategy. The Financial Times. paper is already printed in West ing Nods.

Ulf Linden, dubbed "PG's Ulf Linden, dubbed press in London — and will seek to achieve the transition by negotiation. Whatever the route chosen, it is clear that the Fleet Street mould is breaking, and till the composition of the comp

Office as the traditional grave-yard of aspiring Tory politicians. Local government finance has been a running sore that has infuriated the Prime Minister, dominated the parlia-mentary legislative programme, set Ministers against Conservative councils and given Labour

Party activists a powerful propaganda weapon with which to harass the Government. Following the attempts of Gie hapless Mr Patrick Jenkin to bring order to the chaos, Mr Kenneth Baker, one of the most politically adept members of the Cabinet, now has his chance. It is not an opportunity he can relish unreservedly, given the string of policy initiatives on local government finance since 1979 that have caused more problems than they have solved.

In particular, there has been a running challenge to the Government's attempts at condozen Labour local authorities, culminating in the near-bankruptcy of Liverpool and court charges against councillors in both Liverpool and Lambeth for failing to set a rate. The issue of re-modelling local government finance has thus become crucial; not only in the to much of the Tory Party.

Something might be done as well about how the Prime Minister's Office handles the belief to push through its and the Environment Depart-

> The rebellion in the House of Commons by 50 Conservative MPs a week ago over the switch in rate support from the shire counties to the inner cities, and the proposals in today's Green Paper to restructure the rating system, follow five Parliamentary bills on local government finance in as many years—a sure indication of the mess the Government has got itself into.

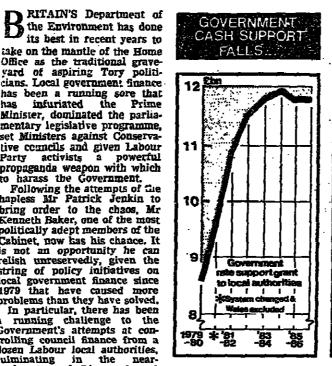
> Throughout Mrs Thatcher's first administration, from 1979 to 1983, Ministers and officials repeatedly tried to find an alternative source of revenue for local authorities. The problem was that, in Conservative Party terms, any viable change would be for the worse. The first attempt at reform was a Bill in 1979 from Mr. Michael Heseltine, then Environment Secretary, which swept away dozens of Whitehall controls, especially on capital projects. It also sought to reform local government finances, over 60 per cent of which were then met by central

The idea was to dispense with the open-ended allocation of Government cash to councils on the basis of "the more you spend, the more you get." It ing returns. was thought that local authority brought under control by a because one year's target bore by 19.9 per cent. In contrast, new system of allocating grant no relation to that of the there will be double-figure inwith built-in deterrents to previous year, making forward creases in Buckinghamshire—

REFORM OF LOCAL GOVERNMENT FINANCE

# Mr Baker's poisoned chalice

By Richard Evans



introduction, it was clear there

was no prospect of delivering the instant and substantial re-ductions in local government

spending required by the Treasury in its crusade to cut

ment aimed at securing control of the £33bn a year spent by

attempt at genuine reform.

town halls, rather than any

At the DoE the prevailing

view was that the problem was

largely political, and if the thorn of the left-wing big over-

spenders could be drawn, there would be no need to introduce complex and probably unworkable extra penalties.

From ministerial discussions at this time was to emerge the policy decision that was to every

policy decision that was to cause Mr Heseltine's successors more

trouble than anyone predicted at the time—abolition of the Greater London Council and the six metropolitan counties. A

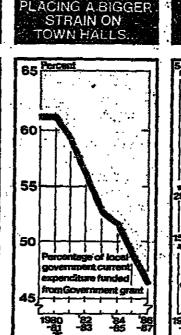
six metropolitan counties. A Bill was passed by Parliament after the 1983 election.

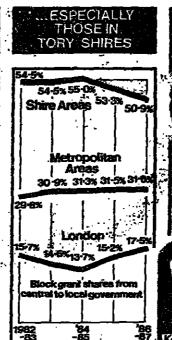
Meanwhile, the Treasury, while approving of the abolition of the unpopular and extravagant big authorities, demanded more, and with the main push

coming from Mr Leon Brittan, then Chief Secretary to the Treasury, the result was the introduction in 1982 of local

authority spending targets and penalties, and rate capping as a further weapon in 1984.

ing by an increasingly ferocious withdrawal of grant. It was the







authorities and provoked high are all areas where the Tories spending, usually Labour-led, feel vulnerable to the Social councils in deprived inner cities to launch a bruising war of Mr Baker's decision can be

attrition with Whitehall. To universal relief, Ministers decided last year that in spite of its increasing toughness, the system of targets and penalties had failed to curb local authority spending, which consistently exceeded Government plans by more than £1bn a year. The system has been abandoned for 1986-87, giving the original block grant scheme, which now contains tougher pressures against high spending councils, time to operate.

seen either as a courageous

attempt to help the hard-pressed urban areas, for which he feels genuine concern, or as a more cynical move to gain political advantage: The greatest bene-ficiaries of the shift in resources will be the London boroughs.

If more cash had not been available through grant, rates in London would have risen by up to 20 per cent...

There is also the Government's need to win the ergument over abolition of the GLC,

### A plan that would allow domestic rates to wither away slowly

Mr Baker received from his Abolition was originally seen as former boss, Mr Jenkin, but it a political winner but the benehas not been an easy passage. fits now appear more dubious. The anger that welled up in the Commons last week at his decision to redistribute part of the rate support grant towards the inner cities showed the

Under this system, the Government gave each local authority an arbitrary spending target and penalised over-spend-This created havoc in town placably opposed to the Governhigher spending levels. planning impossible. forecasting a 30 per cent rise—But within months of this The system frequently Bedfordshire, Hertfordshire, Oxnew "block" grant system's penalised thrifty, low spending fordshire and Surrey. These

This was the inheritance that which takes effect on April 1. For a start, savings are likely to be much smaller than anticipated because of the cost

of setting up new organisations to take over some GLC functhe inner cities showed the depth of feelings in the shires. In addition, Mr Ken The transfer of over £200m Livingstone, Labour leader of and, Wales holds for Ministers in 1986-87 will mean that rates the GLC, is likely to be in Will rise sharply in many low-spending Tory-controlled county areas, while there will be much lower rises in the Labour dominated inner cities, or even a fall in rates.

At one extreme stands the Labour bloody of Islington, lands who are purzled and angry led by Labour left-wingers im the Tory heart. The chief reason for abolish comestic revaluation in England insistence that the party, in its domestic revaluation in England insistence that the party, in its about the political suicide. It is imply will not happen, it is about the only viable alternative is to go for a new system of local taxation and this Mr Baker will do, tentatively, in the Tory Baker will do, tentatively, in the chief reason for abolish comestic revaluation in England insistence that the party, in its about the party, in its about the party, in its about the party in its ab

led by Labour left-wingers imat what they regard as and unfairness, so any replacevided the largest number of placably opposed to the Government, where rates will go down a Government they expect to be particular, there must be no big

Conservative Party conference.

A few many proposed to the largest number of ment has to be popular. In conservative Party conference, and the particular, there must be no big

Conservative Party conference. far more supportive, What is he to do to solve the

immediate problems and to has passed this basic test. change the pattern? ensure he does not fall into the As his most-favoured solution It is an issue that could play local government finance quag. Mr. Baker will put forward a key part in the outcome of mire like Patrick Jenkin? The plan that would allow domestic the next election.

answer is nothing in a hurry. The rating system has much to commend it. Rates fulfil many of the properties of a good tax
—they are high-yielding cheap and easy to levy and collect, and very difficult to evade. But they have major drawbacks as well. Too few people pay them and too many are protected by rebates and subsidies from the true impact of the spending decisions for which they vote, even allowing for the Government's recent proposal that ell householders should pay at least 20 per cent of their rate bill.

In addition, half of the rates income (about £7bn a year) comes from industry and busiwhich has no voting For these reasons the current system is simply not an effective basis for taxation. The way in

which rates are assessed in England and Wales has not been up-dated since 1973 and rateable values are now way off beam. In Scotland, the issue boiled into a political crisis last year when the routine five-yearly revaluation shifted the rates burden substantially away from commerce and industry on to domestic ratepayers and small businesses. It is scarcely possible to

exaggerate: the terror that a domestic revaluation in England

category of losers. So far, des-

Robert Fleming & Co. 12:3%

rates to wither away slowly. In 1990, all domestic rates bills would be frozen and a "com-munity charge" or residents' tax would be introduced to make up the small amount of income lost to the local authorities through inflation. Each year the community charge, a form of poll tax, would rise as the frozen rates bills produced falling council income in real terms, until by the turn of the century the domestic rate bill would have virtually disappeared. People, it is argued, would have gradually herome used to the poll tax ally become used to the post tax as the primary source of local authority income. Changes in business rates would also be introduced in

would also be introduced in 1990. The non-domestic rate or national business property tax would be set and collected centrally and redistributed to all local authorities on a simple per capita basis.

This would involve substantial loss of income to some councils exceptionally rich in commercial property, like Westminster and Camden, but the idea has support because per capita payments would en-

capita payments would en-courage local authorities to ensure that as many people as possible were registered on the

possible were registered on the poll tax list — the more people paying tax, the more councils would quality for grant.

Predictably, there are bound to be problems. Some Ministers argue that people would not readily accept the need to pay two local taxes instead of one in the transitional period, and they fear the widely differing impact that a poll tax would have on different sizes of households.

There are signs that Mr. Baker is not over-enthusiastic. either, and he intends to have a lengthy consultation period before publishing a White Paper giving the Government's views in a year's time. He has confirmed there will be no legislation for England and Wales before the second the second that the second Wales before the next general election.

The underlying aim will be to strike a balance between greater local accountability which a poll tax would bring, and less local autonomy, which would come about by central control of a national business property tax. But once again the danger is that there will be winners and losers and it is always the losers who make the

most fuss.

It was at Mrs Thatcher's insistence that the party, in its

Will the astute Mr Baker have pite years of trying, no option found the magic formula to

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### Volvo's noisy gear change

Within the kingdom of Sweden, Volvo is increasingly being seen as a state within a state with its own absolute monarch, Pehi Gyllenhammar.
Volvo's turnover is equivalent

to 11 per cent of the Swedish gross national product, its exports amount to 12 per cent of Swedish sales of goods and manoeuvrings of the Volvo inner circle in corridors of group hq-perched atop a rocky outcrop outside Gothenburg — are observed from afar by Swedes with all the zeal of seasoned Kremlin

watchers.
Thus Volvo's announcement that Hakan Frisinger, managing director, and Ulf Linden, deputy managing director, would be giving up their key positions on Gyllonhammar's left and right hand—the news came as a bolt from the blue—has set off a fresh wave of speculation and some conspiracy theories about unrest at the palace. All are hotly denied from Gothenburg.
Only a couple of weeks ago
both Frisinger and Gyllenhammar himself were caught
up in the so-called "Leo affair" in which a number of insiders were offered shares in Leo (a subsidiary of Sonessons, itself a Volvo affiliate) on terms never made available Sonessons shareholders. to

At a press conference in Stockholm Gyllenhammar quickly announced that he was selling his shares at cost to a cancer foundation. He had done nothing wrong, he said, but he could not tolerate that his "honour be impugned." Sitting beside him Frisinger, by contrast, said he had no intention of giving up his shares. Hans-Eric Ovin, chairman of

# **Men and Matters**

in principle for Volvo execu-Gyllenhammar

explained the moves as "a first phase of a shift of generations," stressing that Linden would stay on the board, and that Frisinger will "in a few years reach the age of 60 and wishes to be based outside Sweden and devote his remaining active time with Volvo to international opera-tions." Linden was going for "personal reasons." He "personal reasons." He promised his wife to give up all

executive posts by the age of 50, says Volvo's press office.
Replacing Frisinger, aged 57, with Gunnar Johansson, also 57, was designed to "bridge the gap" to identify the right talent among the next genera-tion, explained Gyllenhammar. Johansson was "an excellent an excellent development management

Almost submerged by the initial waves of conspiracy theories Volvo has now felt constrained to issue a new state-ment saying that its first com-munique had been "glossly misinterpreted." The moves had been announced more than a year in advance " to show that Volvo methodically plans its top management development based on the strength of its own internal resources

Media and market gossips-all apparently equipped wit sources inside the palace remain to be convinced.

### Clemm guits

Dr Michael von Clemm, at the age of 51, is looking for a new challenge. Being chairman of Credit Suisse First Boston, the biggest house in the second



of artists"

bined academia with finance a professor of international finance at Harvard Business School. For the past 15 years, he has been with CSFB, in its various guises from White Weld, through Credit Suisse White Weld, to its present form. But von Clemni's sudden decision to resign has inevitably sparked to life the rumour-mongers in this gossip-ridden market. "If I were cynical, I would say he had got tired of the in-fighting. There are three strong individuals there," says one banker, referring to you Clemm, John Hennessy, the firm's president and group chief executive who takes over as chairman, and Hans-Joerg Rud-loff, deputy chairman.

American cop and smokes He seems to enjoy a change where he has a controlling interest complete control of direction every so often. He seems to enjoy a change where he has a controlling interest company, and to devote more sort of outside activity Gyllen hammer is known to frown on anthropology. He later company activities which include the



"Well at least it's going to house a European Consortium

proprietor, Conrad Black. Mania manual

chairmanship of Roux Brothers Enterprises, the owners of upmarket restaurants such as Le

### Telegraph lines

In many ways, Frank Rogers, chairman of EMAP, the provin-cial publishing and printing group, has been a man shead of

Between 1960 and 1963, as production and personnel direc-tor of the Daily Mirror, he halved the publishing and machine room staff by negotia-tion and agreement with the Fleet Street unions. In 1970, after a stint as man-

aging director of IPC, he was chairman of the National Newschairman of the Naconal News-paper Steering Group, a joint management/union endeavour to get "sane industrial rela-tions." . That mission failed," Rogers says laconically.

Rogers, who started out as a sports reporter and once edited the Nigerian Dally Times, is

now going to get another chance, at the age of 65, to put into practice his belief that same industrial relations are achieved by negotiations, not barbed wire, by negotiations, not baroen wire, even in the newspaper industry. Andrew Knight, new chief executive of the Telegraph Group, was keen that Rogers, already a non-executive direc-tor, should become deputy

chairman.

Rogers will not be rolling up his sleeves and getting involved in negotiating himself. But he will clearly have an important role in advising on the essentia changes needed if the Daily Telegraph is to return to profit. ing the week before he takes over at the Telegraph in Toronto — home city of his new

Ivan Boesky, the US arbitrageur, who has bought a 1.6 per cent stake in Westland, is putt-ing the finishing touches to a book called Merger Mania.

Is this a case of, "Do not do as I do. Do as I say?"

*Observer* 

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Consolidated Credits 121%	United Mizrahi Bank 121%
Continental Trust Ltd. 121%	Westpac Banking Corp. 121 0
Co-operative Bank 121%	Whiteaway Loidlaw 13 %
	Yorkshire Bank 1210
The Cyprus Popular Bk. 121%	
Duncan Lawrie 1210	Members of the Accepting Houses Committee.
E. T. Trust 13 %	
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Margaret van Hattem, Political Correspondent, looks at the aftermath of Ulster by-elections

# The Unionists box themselves in

SPARE A thought for the might cost people their jobs, unfortunate Ulster Unionists, or bring them into conflict who returned to Westminster with the police or the tax today after an unforeseeable authorities. run of bad luck, Over the past three weeks, they have braved Unionist supporters appear gales, sleet and black ice to resigned to the belief that the canvass and campaign in the by-elections caused by their resignation in protest at the Angio-Irish Agreement.

And what happened? Their rote fell short, by nearly 20 per cent of their half million vote target. One of their team, the well-liked Mr James Nicholson well-liked Mr James Nicholson of the Official Unionist Party (OUP), was defeated by Mr Seamus Mallon, arch-Nationalis, and Deputy Leader of the Social Democratic and Labour Party (SDLP). Worst of all, their gesture passed almost unnoticed throughout the rest unnoticed throughout the rest of the UK, which has been totally riveted by the political fall-out from the Westland debacie.

The Unionists nevertheless, have made their point. In the 15 contested seats, nearly 44 per cent of the voters turned out to register a protest against the Anglo-Irish Agreement giving the Dublin Government a footbold in the North and a say in Ulster policy-making. Less than 13 per cent supported the Agreement, while nearly 39 per cent stayed home. This may not totally uphold the Unionist leaders' claim that "Ulster says no." But it does confirm that Ulster is not at all keen.

So what happens now? How will the Unionists carry their protest forward? How will the Government react? And what are the most likely options for the future?

The elections were staged to reassert the Unionist leaders' authority as the voice of the majority, to raise the political temperature in preparation for Agreement, and to buy time while they worked out what to

During the campaign two things became clearer. First, hard-line resistance to the Agreement has limited support. Attempts to raise the political temperature have been predictably successful on the loyalist fringe, particularly among its younger members, and it younger members, and would not require many them to create havoc on the streets next summer.

But there are few signs so far among the wider Unionist community, including the trade unions, of willingness to sup-port forms of protest that Party, appear to have been because the community as a further undermining the devo-

Second, the majority of British Government will not scrap the Anglo-Irish Agree-ment, no matter how much they protest. Faced with this unpromising outlook, the Unionist leaders appear even now to have little idea of what

Certainly their short term tactical options are limited. Their first plan was to return to Westminster, demand the tropping of the agreement and, if the Government refused to boycott Parliament, the Northern Ireland Assembly and all Government boards and agencies.

But, as Mr Enoch Powell has convinced some of his convinced some of his colleagues, withdrawal from Westminster would hurt them more than anyone else. They would lose nearly all contact with MPs other than Northern Iteland Ministers would have with MPs other than Northern Ireland Ministers, would have little opportunity to lobby for support, and would quickly be forgotten. If they refused to resign while boycotting Westminster and all Government agencies in the province, they would lay themselves open to accusations of accepting their parliamentary salaries under parliamentary salaries under false pretences.

If, on the other hand, they were to follow Mr Powell's advice and merely limit their attendance at Westminster, hardly any of their fellow MPs would notice the difference. Meanwhile, the members of the Northern Ireland Assembly, the local councils and the various

Parliament; Mr James Moly-neaux, OUP leader, Mr Powell and Mr Martin Smyth of the OUP appear determined to cling on at Westminster,

However, the Unionists appear to be in an even greater muddle as regards long-term goals. For the moment, those wishing to concentrate on devolution in the hope of reaching agreement with the Social Democratic and Labour



The Unionist leaders, the Rev lan Paisley and (right) James Molyneaux

eclipsed; the party leaders still whole is even more at sea. After insist that the Agreement 12 years of powerlessness, must be brought down before during which the basic options they will contemplate devolution front of them have barely tion. Support is thus building within their parties for a move to engage the British and Irish governments in negotiations for a tripartite arrangement, as well as the two governments. to replace the Agreement and the intergovernmental conference set up by it.

This would appear to be a non-starter. The two govern-ments are committed to devolu-Meanwhile, the members of the Northern Ireland Assembly, the next as a way of pressing the local councils and the various Unionists into accepting it. But Government boards, whom the the Unionist leaders have yet to MPs have been urging to join a boycott, might well revolt.

The first cracks in the facade of Unionist unity have opened on this point: Mr Harold McCusker, OUP member for Upper Bann, is siding with the Rev Ian Paisley and his two fellow Democratic Unionist was present the meantime, there are fellow Democratic Unionist signs of growing ill-feeling in the wake of the campaign. The Parliament; Mr James Molytion and designed the Agree-

the wake of the campaign. The Official Unionists bitterly resent Official Uniquists bitterly resent what they see as Mr Paisley's disparaging treatment of their leaders, his attempts to "hijack" the campaign, and the way in which the OUP's pact with his DUP threatened to implicate them with the paramilitary fringes, alienating their own, more middle class, supporters. own, mor supporters.

If, however, the Unionist

changed, there is no sign of a consensus. A recent poll con-ducted for the Belfast Telegraph by Coopers and Lybrand showed that none of the options—such as integration with Great Britain, a united Ireland, or devolution with power sharing —was favoured by more than 25

Successive British govern-ments must accept some of the blame for this. Over the past 16 years they have made in-creasingly half-hearted efforts to bring the two communities together, returning to the drawing board every time Ulster said "No." The Unionists were balled into a secure belief that they had the right to reject not only constitutional change but any change in the way their country was run. The realisation that the

"right" to say no has its limits, that membership of the Union à la carte is no longer on offer, has come as an extremely painful awakening, like a particularly vicious attack of pins and needles. The Government may be tempted to try to alleviate the pain by making conciliatory gestures to the Unionists. But gestures to the Unionists. But this carries its risks: any ges-tures that can be seen as concessions - which in Ulster means signs of weakness - will

problem is to solve the dispute

would ernment encourage. Under Mr Tom King.

Northern Ireland Secretary, the Government is trying to steer a middle course. It has insisted, throughout the election cam-paign, that there can be no question of abandoning the Agreement or slowing down its implementation. At the same time, it is trying to reopen channels to the Unionists. Both the Prime Minister and Mr King have invited them to come and talk. The appointment of Mr Brian Mawhinney, an Ulster-born Protestant, as a junior Northern Ireland minister last week, is intended to provide them with a willing ear that understands their own language. There have also been strong indications that the Governme is prepared to lean hard on the SDLP if it believes its leaders to be stalling on talks for devolution. However, there will be no pressure on the SDLP to no pressure on the SDLP to accept devolved government which falls short of power sharing; and no pressure on them to enter the Northern Ireland Assembly until fresh elections are held in the autumn. The Unionist members were elected to the Assembly on a platform of outright coppoon a piatform of outright opposition to power sharing, and the SDLP is not expected to do

business with them on this What, then, of the future? A

united Ireland is, as Mrs Thatcher would say, " out." The South clearly does not want it on the only terms on which it would be available; and in the North only 8.6 per cent (including 21 per cent of the Catholics) are in favour, according to the Belfast Telegraph poll. That poll would also rule out total integration with Great Britain (supported by only 35 per cent of Protestants and virtually no Catholics) and ruled out by the British Government; it found, as other polls have found, that devolved government with power sharin gattracts the most wide-spread support (24 per cent favour it).

But none of the options comstage to provide a lever for change. The most potent force in Ulster politics is resistance to change. Cut off by water from the mainstream of British life and by the border from the mainstream of Irish life, its people have grown increasingly conservative and backward look-ing. So long as the political leaders ride with this conserva-tism, they can get thumping majorities, as last week's by-elections showed. As soon as they try to push things forward, they risk losing all support. The people do not believe in change - neither in its possibility, nor in its desirability.

"Ulster says no" was the Olster says no was the safest of slogans designed to tap this powerful sentiment. When Tom King declared: "The Unionists cannot keep on saying no, they must say yes to something," the Unionists replied that the control has say the control of the that they would happily say ye to things as they were before the Anglo-Irish agreement.

They have not entirely given up hope. Right now they are looking back beyond the agree-ment to 1973-74, when the Sunningdale agreement was set up with similar aims, to a similar Unionist response; when the Heath Government insisted it would not give way, but was brought down by the miners; and the less committed Wilson Government gave way to loyalist pressure. The Unionists are great

believers in history repeating itself. Already they are seeing the Westland affair as another miners' strike; are looking for similarities between Neil Kinnock and Harold Wilson; and are preparing for a militant summer. Only a fool would say categorically that they will be proved wrong.

### **Higher Education**

# The social value of universities

By MICHAEL DIXON

with a key question about the higher educations system. What priority and how much of the national wealth is the UK perpared to give to the work of universities, polytechnics and languages.
other degree-level institutions? Such imp It requires Sir Keith Joseph, lines his policy.

The case of the universities' overspecialisation.
Committee of Cice-Chancellors and Principals is that their institutions' public funds for current spending should be at least maintained at the present tendency overspecialisation.

Equally, however, Sir Keith wants in tion of higher edulests maintained at the present sciences cannot be a science cannot cannot be a science cannot can level, and their grants for buildings, equipment and research be sharply increased. The case rests on the argument that university teaching and respond in humanities as well a social worth reaching far beyond their identifiable contri-bution to the economy. The Education Secretary's policy is less clear. One of its

main thrusts is to cut the education service's resources. The university sector for its part has been given to expect its grant for current spending to go on falling in real terms by some 10 per cent over the next five years. Real-term expenditure on scientific research is apparently also to decline. The Government's Green Paper in May projected that the student total would stay at about the present 565,000—roughly half being in universities—until 1990. It would then drop by 14 per cent over the years to 1997 before starting to rise again. Another main thrust of Sir Keith's policy is represented by his promises that during the same period higher education, like state schooling, will be made better in quality, more efficient and of greater service to the in being better at describing out how the two thrusts can be ing it a reality, any extra fund-

The university chiefs say the reconciliation is impossible. They agree that reforms are needed in their sector as well as elsewhere in the education service, which they claim cannot be changed effectively unless previously agreed objec-unless it is considered as a tives had been achieved.

THE HEADS of universities whole. Its ai mshould be to have faced the Government provide all young people with improved standards of literacy and numeracy, appreciation of arts, understanding of science and scientific method, know-ledge of history and other cultures, and skill in foreign

Such improvements in the service as a whole would depend Education Secretary, to spell on universities' widening their out the thinking which under-criteria for admitting students so as to free schools from the present tendency to academic

Equally, however, the increase Sir Keith wants in the propor-tion of higher education's stu-dents taking engineering and sciences cannot beachieved until schools can produce more pupils with a sufficient grounding in mathematics, physics and 50 On.

That in turn is blocked by a shortage of appropriately quali-fied schoolteachers which cannot be overcome as long as schools unable to offer maths and science graduates rewards competitive with thoseavailable outside education.

In the universities, the vicechancellors claim that the bar-rier to further change is not just short-term lack of money. They need to be able to look ahead to a considerable period of stable funding as a basis on which to plan and effect such major reforms. Support for a period of level funding has been voiced by the CBI, which also advocates at least the maintenance of present student numbers provided it is accompanied by sweeping changes to rid the system of narrow academicism. The Government should give

careful and sympathetic con-sideration to the committee's argument. But as the universities have shown themselves in the past to be like Sir Keith economy. But he has not spelt the promised land than at making that might be found should not be given to them on an open-ended basis. It should be provided only on the clear understanding that it would cease after a specified period

### The role of MO

From Professor M. Beenstock
Sir,—Bill Martin's argument
(January 21) against the importance of MO and in favour
of money GDP as a policy target is fundamentally misconceived I have already given my reasons for favouring MO in this paper by recalling the well-known result from modern monetary by recalling the well-known result from modern monetary conomics that if bank deposits pay competitive interest rates it is doing likewise. For example, is the rate of growth of MO that UK money GDP growth in 1980 small criminal work which Mr

tion. In the medium-term the rate of growth of real GDP does not vary very much so changes in the medium term growth of money GDP are dominated by changes in the rate of inflation. It would obviously be absurd to argue that the medium-term growth rate of money GDP should be the basis of policy. This is like saying that to control inflation in the medium-term we must control inflation in the medium-term we must control inflation.

in the medium-term: In the shorter term a similar in the shorter term a similar argument applies except real GDP is more variable. To argue in favour of money GDP as a counter inflationary policy is like arguing in favour of weight loss as a counter obesity policy. To lose weight you must eat less and exercise more. To control inflation and money GDP you must control the rate GDP you must control the rate of growth of the money supply. Her Martin confuses cause and

effect.
The fact that the Government is also confused about the role of MO and has made in-terest rates subservient to the control of bank lending and the exchange does not, of course, prove that MO is irrelevant. It simply underlines the need for the Chancellor to reconstitute the MTFS in terms of MO and to make interest rates subservient to its control. (Professor) Michael Beenstock. City University Business School, Frobisher Crescent, Barbican, EC2

### Letters to the Editor

determines the course of inflation. My empirical research corroborates this hypothesis.

Here I wish to challenge his views about money GDP. The rate of growth of real GDP plus the rate of inflation. In the medium-term the

On the other hand, money GDP is (partly) an indicator of the current inflation and not a presage of any forthcoming inflation. Therefore, it is not, in this respect, any better indica-tor than the wholesale and the retail price indices which are more accurate and are avail-able every month earlier than GDP estimates.

Chris Economides (director), Economides Centre for Economic and Political Research. PO Box 1632,

### Mergers in

From Mr M. Sternberg

Sir,—Your legal correspondent seems hell bent on destroying the Bar and amalgamattroying the Bar and amalgamating the two branches of the profession ("The Law Society opts for change," January 23). He ignores the fact that our divided system is much admired by lawyers overseas, especially in the US.

in the US.

Much in Mr Hermann's article required an answer. The caricature version of why the Bar evolved at all ... "gentlemen ... who the judges would recognise because they wore wigs and learned to speak in Latin schools" can be refuted by any serious study of legal history.

The suggestion that soliritors

The suggestion that solicitors

lawyers may have a better training than certain sorts of English lawyer, they often also charge much higher fees for commensurate work. It would be far more helpful

to readers and also to both branches of the legal profession if your legal correspondent addressed himself in detail to addressed himself in detail to a central consequence of fusion. It is this. The available talent in both specialist and non-specialist fields will be absorbed by rich firms of solicitors. They will ofter delightful salaries paid regularly, pension schemes, practice cars and partner's dining rooms. Much of the Bar will be delighted to accept. Small high street firms which provide a valuable service to the community will be deprived of access to a pool of talent currently available, their practices and their clients will suffer. This is a sinister practices and ineit chems will suffer. This is a sinister possibility. Many large firms refuse to do legal aid work. The legally sided client will then be in danger of getting a third or fourth rate service. Michael V. Sternberg.

### Impasse in the schools

3 Dr Johnson's Buildings.

From the General Secretary, National Union of Teachers

Sir.—There were two glating errors in your otherwise excel-lent leading article on the teachers pay dispute ("Im-passe in the schools," Janu-ary 23) which I would like to

over the 1985 settlement. We antly clear that we are pre-pared to return to the Acas talks as soon as discussions on the 1985 position resume without any strings relating to 1986. Your second mistake was to describe the NUT's position on restructuring as Luddite. The opposite is true. It was the union that pressed for the first talks on the restructuring of teachers' salaries in 1981. All our recent claims have involved to the restructuring of teachers' salaries in 1981. restructuring, as is one for 1986 agreed at a recent national conference. There is nothing that the union is not prepared to discuss with the employers to discuss with the employers— pay, restructuring, conditions of service or appraisal. Our only caveat, and it is one of principle, is that they should be discussed separately in the appropriate forums. Readers should, however, be quite clear that it is our employers who are really retising to discuss are really refusing to discuss conditions of service matters. It is they who have refused to meet us for discussions on issues such as maximum class

Fred Jarvis. Hamilton House, Mabledon Place, WC1.

### Good news from

Sir,—You bring us good news from Brussels (January 21). It is heartening to learn that West Germany and the Netherlands were defeated in the first vote were defeated in the first vote of the new Council of Ministers en export credit matters. It is doubly so to learn from Observer that Willy de Clerq that energetic and amiable Commissioner has become "European Trade Minister."

I have always thought that European integration is much easier than it looks. Andrew Duff, 15 Mount Pleasant, Cambridge.

### Glasses, glasses everywhere

From Mr P. Miller

Sir,-Andrew Greenwood of Leeds (January 23) has a problem. My garage glasses are 3 ins diameter, so assuming his kitchen floor is clear all over he would line up 1204 glasses. The suggestion that solicitors are now better educated than the Bar is based by Mr Hermann on academic qualification and the role intended for by Mo or Mr Hermann's criticisms of the role intended for by Mo or Mr Hermann's criticisms of the role intended for by Mo or Mr Hermann's criticisms of the role intended for by Mo or Mr Hermann's criticisms of the criminal Bar are ill-founded. There is no need for a barrister to meet his client at and partly of laffation and the last four for the first time, he can supply of course of the court for the first time, he can the local authority employers are now better educated than the schools," January 23), which I would like to correct.

The talks currently in prophem My garge glasses are 3 ins diameter, so assuming his correct.

The talks currently in prophem My garge glasses are 3 ins diameter, so assuming his correct.

The talks currently in prophem My garge glasses are at Acas have not "been borcotted throughout by the NUT." The NUT has been in the would line up 1204 glasses.

One glass for every £18 spent at the pump means buying valved in three full days of talks at Acas out of the four that have taken place. Our reasons for not attending on the fourth relate to the fact that the local authority employers and the other teacher unions were and the other teacher unions were, and still are, prepared to discuss the question of pay, conditions of service and restructing together even though the most immediate formed drink from a garage wine glass).

Hermann's criticisms of the other teacher unions were done with a discuss the question of pay, conditions of service and restructions together even though the most immediate frimley. Surrey

### A Euro-Arab Investment Group

has acquired an equity interest in

Moseley, Hallgarten, Estabrook & Weeden **Holding Corporation** 

> The undersigned initiated this transaction and acted as financial advisor to the Euro-Arab investment group.

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December 1985

### Paluel-Marmont Group

has acquired an equity interest in

Gray, Seifert & Co., Inc.

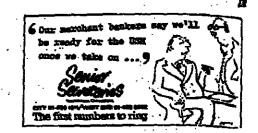
The undersigned initiated this transaction and acted as financial advisor to

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# **FINANCIAL TIMES**

Tuesday January 28 1986



# Unions rally against Murdoch

BY JOHN LLOYD, HELEN HAGUE AND DAVID THOMAS IN LONDON

THE GENERAL Council of Britwill today start a disciplinary process which could result in the suspension of the electricians' union. This follows the union's decision to man News International's new

high-technology plant in London.
The TUC crisis deepened amid continuing claims by Mr Rupert Murdoch, the News International chairman, that he is succeeding in getting his daily newspapers - The Times and The Sun - to most parts of Britain, despite a strike by two leading print unions, the National Graphical Association (NGA) and

Mr Murdoch's claims are supported by Mr Alan Jones, general manager of TNT, the transport company which has been contracted to distributing all the copies we pick up.

TNT, which jointly owns the Australian internal airline Ansett with a Murdoch company has been contracted to distributing all the copies we pick up. bute the newspapers, but rejected hy Sogat 82.

Ms Brenda Dean, general secretary of Sogat 82, is to address a meeting of her officials in the country's newspaper wholesalers on Thursday, in an attempt to tighten the union's grip on distribution.

UK textile

plan £633m

owners of the Jaeger brand, with

the announcement that the two

Scottish companies plan a £633m

(5881m) merger.

Dawson, the smaller of the two

groups, will make an agreed take-over bid for Coats in a deal which

will create a new international

group with combined annual sales

of £1.28bn, a market capitalisation

of more than £1bn and more than

The merged company, to be called Dawson Coats Patons, will

rank among the largest textiles-to-

clothing companies in the world but

it will still rank as number two in

the UK behind Courtaulds.

51,000 employees.

groups

merger

ain's Trades Union Congress (TUC) 3.1m copies of The Sun were printed and distributed yesterday - 2.5m printed at the new plant at Wapping, east London, and 670,000 in Glasgow - about 75 per cent of the normal production run. Some 343,000 copies of The Times were printed at Wapping, about 70 per cent of normal. The company's in-

> Mr Murdoch said: "We're doing better every day... we expect to be up to full production by the end of the week." Mr Jones of TNT said

ternal estimates show patchy dis-

tribution in some areas.

few days. They are expected to join the Transport and General Work-Union (TGWU) under a closed shop deal. TNT has set up its own distribution network in London down to the level of newsagents. London wholesalers have generally

News International claimed that handle the newspapers because of membership of a private health

A joint meeting of print and port unions at the TUC ended last night with a call to be put to the General Council today that all affiliated unions "inform" their members not to cross official picket and we are not saying we believe in lines. The call included a condem- print union practices. We are saying nation of NI, and said there was "no scope for a mutually productive relationship" between unions and the company. The motion will put further pressure on the EETPU, the electricians union.

Mr Bill Morris, the TGWU deputy general secretary, said after the meeting: To date we have not sent out any formal instructions or formal advice. That changes when the general council adopts our state-

Sunday Times journalists voted by a narrow margin - 68 to 60 - to transfer to the Wapping plant after a day long meeting. In common with journalists on the other news-

Mr Kim Fletcher, secretary of the NUI's office branch, who resigned after the vote, said: "We are not saying we don't want to go and we don't want to work new te we are disgusted at the treatme given to us by a paper we have worked hard to serve."

Print union leaders in Glasgow said they would continue to mount a peaceful picket at News Interna tional's plant at Kiming Park

 Speaking on television last night, Mr Rupert Murdoch said of News International journalists who re-fused to go to Wapping: They are probably very good journalists and they'll probably find jobs else-

Mr Murdoch made clear his comat to continued employment for the EETPU members printing his papers in Wapping.

# Cartel Office links approval for Daimler-AEG deal to sell-offs

THE WEST GERMAN Cartel Office DAWSON International, the textile group best known for its Pringle of a majority stake in AEG. knitwear, emerged yesterday as the mystery suitor of Coats Patons,

The Cartel Office has not spelt out its demands publicly, but says that it told Daimler-Benz and AEG last week that it had doubts about allowing certain activities to remain part of the combined group.

It is thought that the Cartel Office wants to limit the links between a combined Daimler-AEG group and Siemens, the big electrical and commuter concern.

The Cartel Office is understood to be concerned that AEG-Daimler should as much as possible be a strong competitor for Siemens rath-

Siemens and AEG are joint owners of Transformatoren Union, the transformer maker, which has

The aim is to combine Dawson's marketing skills with Coats' international sales network to strengthen the two companies' worldwide

brands. The new company's activities will cover fashionwear, hand-knitting yarns, spinning, knitwear and the processing of natural fibres.

Dawson's brands include Ballantyne, Barrie, Bracum. McGeorge knitwear and Morgan, ny acquired in 1984. Among Coats' est known names are Patons, Red heart and Anchor leisure and craft products. Jean Muir. County Casuals, Byford and Dalkieth fashionwear and the Coats and Chain sew-

ing threads. Coats' shares shot up 53p to 201p last Thursday after the company revealed it had received a bid approach. They rose a further 17p yesterday to 220p when Dawson's identity was revealed. Dawson fell

At this level the Dawson offer of 111 of its own shares for every 100 Coats values Coats at nearly 229p per share. Dawson is offering a cash alternative worth 225,33p per

Mr Ronald Miller, Dawson chairman and chief executive, said he put the merger proposal to Mr James McAdam, Coats' chief executive, at a meeting on January 15. The offer price was set well above Coats' share price at the time be cause the company was "like a dish of oysters in which Dawson saw the potential for a superb row of

Coats made a pre-tax profit of C100m on turnover of E1.02bn in the year to December 1984. It had not assets of £417m. Dawson achieved a pre-tax profit of £35.1m on sales of C266m in the year to March 1985.

Dawson announced it plans to pay a final dividend of 4.3p over the year to March 1986, taking the total payment to 6.2p from 5.46p See Lex; News analysis, Page 24

Apperson
Adjusts
Apperson
Administration
Administration
Beneficial

Weide Weather

BY JOHN DAVIES IN FRANKFURT

wants Daimler-Benz, the motor vehicle group, and AEG, the electrical concern, to agree to sell off certain interests as a condition for its approval of Daimler-Benz's takeover

er than a partner. .

been going through difficult times.

rethink on

Baker plan

Continued from Page 1

Daimler-Benz and Siemens are among the shareholders in a holding company which in turn has a sellschaft, the metals, mining and crease its stake.

The Cartel Office has also been studying markets in which AEG is

It is thought that the Daimler-Benz takeover would strengthen AEG by boosting its financial backing. But for this reason the Cartel Office has questioned whether a stronger AFG might gain a more dominant position in some markets.

The Cartel Office has been considering the Daimler takeover plan for the past three months and is due to give a ruling by February 21.

The deal could be given formal approval if Daimler and AEG promise to fulfil the conditions within a certain period.

and head of Daimler's supervisory board, said last week that Daimler had about 60 per cent of AEG and

The AEG takeover has touched off debate about corporate mergers in West Germany. Mr Wolfgang Kartie, the Cartel Office president, has suggested that a full review of the country's policy on corporate mergers should be held after the federal elections early next year.

Daimler-Benz has made a series of expansionary moves over the past year. It took over full ownership of MTU, the aero and marine engine maker and then gained a majority stake in Dornier, the light ircraft maker and research group.

Its expansion is aimed partly at building up a further strong line of business alongside cars and trucks, with period.

Mr Alfred Herrhausen, the joint chief executive of Deutsche Bank but partly at producing spin-off benefits for all its activities, particular-ly motor vehicle electronics.

dundancies were the business to be

Glazo has set a limit to its total li-

ability of £42.8m, consisting of an extra £17m on top of the estimated

\$25m write-off to cover any claims

arising from the salmonella out-break. Beyond that figure, Glazo

said, Farley would have recourse to

The group emphasised that buy-ers of the Farley businesses would be free of any liabilities. The two

parts of the business - a rusk facto-

ry at Plymouth, in the south-west of England, and the milk-based busi-

ness at Kendal, in the north-west -

are to be sold by the liquidators

Cork Gully, as new companies, and

liabilities will remain with Farley

Glazo said several inquiries had already been received from pros-

pective purchasers for both parts of

Health Products, the ex-parent.

# Mexico seeks | Glaxo may write off £25m over Farley

BY TONY JACKSON IN LONDON

GLAXO, the UK drugs group, faces trading liabilities carried by the write-offs of up to £25m (\$34.5m) company, loans from Glazo of over the liquidation of Farley, its £12.8m, and the cost of assumed rewrite-offs of up to £25m (\$34.8m) over the liquidation of Farley, its beby-food subsidiary, products of which have been lighted. Falling oil prices would cost Mexico about \$3bn in lost export reve nues, he said, but he declined to be which have been linked with an outdrawn on how his Government would respond in terms of economic break of salmonella poisoning.

Farley products were sold.

The £25m write-off on Glam's

books is the difference between the company's estimated realisable val-

ue, now put conservatively by Far-ley directors at £15m, and liabilities

The liabilities, which have been

clude the C9m trading loss, normal

ed on a "worst case" basis, in-

Glaxo said that trading losses on and financial policy. the withdrawal of Farley's milk-based baby foods were estimated at However, he said the Baker plan was wrong in failing to call for more direct loan contributions from crecom. The unexpectedly high losses arise from the length of the stock chain down to the consumer. "We Real rates of interest were also have to reimburse profits made by distributors and retailers all the too high and not enough had been

done to combat protectionism in inway down the chain," Glaxo said. The trading loss has not yet been ternational trade. "Only by focusing on the fundafinalised, Glaxo said, because not mental of interest rates and trade will we really solve the debt proball claims have yet been received from the various countries in which

lem," he said. Mr Robin Leigh-Pemberton Governor of the Bank of England said, however, that the Baker plan "offers the best way forward."

He urged commercial banks to fulfil their commitment to the plan and stressed the need for a contin-ued adjustment effort by debtors

During the four years 1981-84 \$80bn left Latin America in capital flight, he said. "Virtually all the debt incurred by Latin America in those four years can be regarded as having been used, in effect, either directly or indirectly to finance capital flight."

Mr Michel Camdessus, Governor of the Bank of France, called for a "widespread reduction in real inter-est rates." Rates at their present levels "can only be detrimental to

# Japan to boost shoe imports

THE JAPANESE Government has

lieve trade tensions between Brus-Jacques Delors, the Commission President, last week.

The deal allows EEC manufacturers to ship 2.4m pairs of shoes in

agreed to double the quota for EEC Tokyo has also approved a unila-shoe imports in a new move to re-teral move by the Community, taking effect at the beginning of the sels and Tokyo, after the visit of Mr month, to raise customs duties on video cassette recorders entering the EEC from Japan from 8 to 14

In compensation, Brussels has rethe current fiscal year, and follows duced duties on semiconductors Japanese tariff reductions on other from 17 per cent to 14 per cent and European products ranging from lifted levies on portable radios, castractors to measuring and pharmasettes and alarm radios.

### Sterling loses ground

Officials acknowledge, however, higher interest rates in order that more immediate action could not be ruled out if sterling's fall

in the City of London, brokers were divided on whether the need for an eventual rise in base lending rates had been averted. Some sug-gested that there was no need for an increase unless the value of the pound began a sharper downward spiral than it has seen.

Others argued that the underly— Saudi Arabia is aiming to sell ing problems of weak oil prices and virtually all its export crude oil at political uncertainty would eventuring rices related to the free market

meet their inflation target.

closed at 73.7, 9.6 points lower than on Friday and the pound fell by 3.50 pfennigs to an all-time low of DM 3.3375. Against the dollar, which also suffered further losses against most other major currencies, sterling lost 0.25 cents to close at

ical uncertainty would eventu- prices related to the free market, ally force the authorities to defend according to the authoritative Midsterling's present value through dle East Economic Survey.

# Sikorsky and Fiat revise offer for Westland

By Lionel Barber in London

WESTLAND, the troubled UK helicopter company, yesterday unveiled a revised £80m (\$110m) offer put forward by its favoured partners Si-korsky, the US helicopter manufac turer, and Fiat of Italy.

The new rescue plan will require a simple majority vote by shareholders at a meeting next month, a move which the Westland board hopes will end the uncertainty of the past eight weeks.
The previous Sikorsky/Fiat pro-

posal requiring a 75 per cent major ity vote was defeated by a block of Westland shareholders backing a rival European aerospace consortium rescue at an extraordinary genera neeting 10 days ago. Sikorsky/Fiat

secured a 65 per cent majority only. Sir John Cockney, Westland's chairman, called on the consortium, comprising of British Aerospace and GEC, Agusta of Italy, Aérospa-tiale of France and Messerschmitt-Bölkow-Blohm of West Germany, to withdraw. He likened it to "an un-welcome and uninvited guest barging into a dinner party."

Mr David Horne, managing director of Lloyds Merchant Bank, advisers to the consortium, said last night that there was no question of the consortium withdrawing.

Westland shares collapsed yes day, closing at 103p, down 40p on the day. Market analysts said the sharp fall, following hectic buying last week, showed that the rival camps have purchased most of the outstanding institutional share

They each speak for around 30 per cent of the equity, signalling a tight vote at the new extraordinary eneral meeting of shareholders on ebruary 12.

The new proposals from Sikors-ky/Fiat - the third set since Westland announced it was backing the American-Italian offer last month attempt to take into account the intense activity in Westland shares which has seen the Europeans and their rivals buy shares at prices up to 50 per cent higher than those pre ailing in the market.

In an unusual move, Sikorsky/Fiat has agreed to purchase some 4 per cent of Westland shares, beprices between 132p and 151p per share, if the institutions exercise an option to sell. This commitment is understood to compensate at least two financial institutions which have resisted offers of premium prices by supporters of the consor

Under the new plan, the banks are no longer converting some 123m of loans due from Westland into preference capital, the reason the earlier rescue required 75 per cent majority approval. Instead, the banks have agreed to help in under writing a rights issue of convertible

### Thatcher wins party support on Westland

Continued from Page 1 on events, particularly in the eco

nomic field. question of how much Mrs Thatch-er knew of the decision of Mr Brittan and her Downing Street staff on January 6 to leak part of a letter which Sir Patrick Mayhew, the Soli-citor General, had sent to Mr

In that letter, Sir Patrick had said there were "material inaccuracies" in an earlier letter from Mr Hesel tine expressing support for the En

Before yesterday's debate, how-ever, the Government published a second letter from Sir Patrick modifying his earlier doubts about Mr Heseltine's approach and expressing dismay about the earlier, highly selective leak. Sir Patrick said that the rule about the confidentiality of the existence and contents of the law officer's advice had been "immediately and flagrantly

Mrs Thatcher said she deeply re gretted this.

Mrs Thatcher admitted in the de bate that she had discussed the sending of the first letter from Sir Patrick but repeated that she had not been consulted about its selective disclosure.

She said that there had been a misunderstanding between her own staff in Downing Street and officials in Mr Brittan's department about whether authority was being given for the disclosure.

Mr Brittan's officials, however had believed they had the agree-ment of her office, she said. Consequently "there was a genuine difference in understanding between officials as to exactly what was being THE LEX COLUMN

The state of the s

# Cashmere lining for Coats

The Bank of England appears for of nerves - and words - with the markets. Yesterday inter-bank rates slid back to a level almost conistent with the present base-rate structure. At one point, the Bank was draining reserves as if to prevent market rates from falling too fast. But, while the Bank has won the last few rounds, the bout is not over yet. The forthcoming Opec meeting and the next money-supply figures leave the markets with an outside chance of scoring a techni-

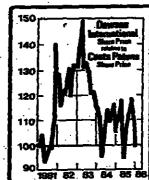
# Dawson/Coats

Whether it was the winter cold which brought Coats Patons and Dawson together in a huddle of upmarket Scottish woollens, or the hot breath of some transatiantic predator, as market rumour had it yesterday, the shareholders of Coats will be feeling distinctly warmer for the deal. Since the merger arithmetic takes account of quantity rather than quality of earnings, Coats is actually being treated rather well simply by getting two thirds of the new comp in exchange for roughly two thirds

Since Dawson was regarded as the premium share in the sector, commanding a prospective multiple well into the teens, while Coats has been lucky to trade much above six times earnings, some holders of Dawson will be left wondering what sort of investment they are being stitched into. Putting the merged businesses at their market valu before the deal came into view, the implied rating seems to be about nine times the combined total (taking calendar 1985 for Coats and the year to next March for Dawson).

Once the cash alternative is out of the way, there must be a risk that the new Dawson Coats Patons will drift back towards that level; more like 170p than last night's Dawson price of 206p, itself down 22p. If there were a few loose threads in yesterday's underwriting, that was perhaps to be expected in the circumstances The deal is not, for all that, a had

industrial fit. The benefits that both sides claim from putting their interone portfolio may be substantial; the possibilities of marketing some of the Dawson brands through



Coats' more marginal knitting works to ease Dawson's current lack of capacity point to genuine value in the merger. Yet there is no obvious way for Dawson management to increase returns in the rest of Coats business, nor to solve the long-standing problem of Coats' geographical tilt towards soft currencies and large minorities - past impediments to a Coats re-rating.

### Westland

standing of Westland's aircraft, the company's advisers are certainly pushing the edges of the financial envelope. It is as good an example as any of the virtues of private-sector competition in fostering technological development ~ if not in defence contracting, at least in the City of London. And if there are regrets that this package was not pre-sented first, these will be heard primarily in the area bounded by Downing Street and Victoria.

The false market in Westland dublocks of shares had found a home Jaeger outlets, or of using some of pensive shares to spite its rival.

The remainder of the reconstruction requires only 50 per cent approval, which is still not a foregone conclusion even after the 65 per cent vote for the last package. But the terms of the rights issue are un-changed while the issue of convertible preference shares to the banks which would have required a change in the articles - has been miraculously transformed into a second rights issue of convertible prefs to shareholders but underwritten by the banks. The banks have, in fact, done very nicely, that you: the convertible contrasted with income-tree ordinary shares could just be valuable enough to leave the banks without too much equity on their hands. The ban against issu ing shares to third parties (that is, Sikorsky-Fiat) all for cash has been got round most neatly by part-pay-ment in the form of the Black Hawk

### **News Corporation**

The registration statement that News Corporation has filed with the SEC in order to take over the Metromedia television stations makes even the most voluminous and serious of Mr Rupert Murdoch's publi-cations look lightweight, though certainly not dull. But buried in the chapters of targid pro-forma data is some illuminating new information on the progress of News operations in the UK.

In the three months to Septem ber, the latest on which numbers are available, the UK registered an operating profit of A\$39.1m, more than double the profit made in the comparable quarter of 1984 and just over half that achieved in the whole y collapsed, the share price falling of the year to June. While it does 40p to 103p; although this is as not necessarily follow that all this much recognition that all the big growth arose in newspapers, the increase in the group's overall news in either camp than a certainty that paper profits from A\$3.3m to the Westland board had hit a win- A\$23.6m in the quarter suggests ner. However, the board has forethat The Sun and the News of the gone one element that would re- World were not exactly hurting. quire the 75 per cent majority that And all this on pre-Wapping tech-eluded it 10 days ago: a capital re-nology. The statament also shows. duction to make up the £20m deficit that UK capital spending was hold on distributable reserves. But it is ing up at an annualised level of hard to see Westland, even under around ASS4m during the three the Sikorsky-Fiat wing, paying months. All the News figures admit-much by way of dividends for some tedly look different, and rather less apparently committed to the Euro- accounting basis but the potential pean interest will have to wait if it returns on that capital investment wants to block any income on its ex- must be high in any accounting lan-

44

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# SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Tuesday January 28 1986

Lovell Two centuries strong

and building 1786 // 1986

# Mobil boosted by disposal gains in fourth quarter

BY OUR FINANCIAL STAFF

MORIL, the second biggest US oil partially offset by lower exploration group, yesterday reported a 49 per cent rise in fourth-quarter earnings, helped by special gains and im-

\$57m gain on the sale of part of a Colorado ranch, offset by a \$26m write-down of mineral properties.

which includes provision of \$508m for restructuring the Montgomery Ward retail operation. In 1984 Mobil earned \$1.27bn.

but slipped from \$60.5bn to \$60.4bn Mobil said earnings from its US oil operations in the 1985 fourth quarter were \$206m, \$21m higher than in the fourth quarter of 1984.

The company said healthier re-

fining and marketing results were

Procter's

earnings

up 20%

in quarter

PROCTER and Gamble, the US

household products and personal

care group, achieved a 20 per cent

increase in earnings in the second

quarter of its financial year. Direc-

tors said that the gain was primari-

ly due to depressed earnings in the

previous year caused by losses on

disposals. Net income amounted to \$165m,

99 cents a share, against \$137m, or

81 cents a share, in the same period

of the previous year, while sales rose by 14.5 per cent to \$3.87bu

In the six months to the end of December, earnings rose by 15 per

\$360m, or \$2.15 a share, while sales

were up by 9 per cent to \$7.47bn

Procter said that the sales rise in

the most recent quarter was pri-

marily due to higher volume follow-

ing the recently acquired Richardson-Vicks business, whose results were included from Novem-

more deeply into the health, personal care and pharmaceuticals sector.

**Boliden** set to

By David Brown in Stockholm

week to take over the Ahlsell mixed

market capitalisation of some SKr

Boliden already controls 25 per

stock exchange yesterday pending an announcement by Boliden

The biggest remaining sharehol-

ders in an ownership consortium include AEG, the German electrical

group; the Skanska construction

and investment group; the Alfa La-val farm equipment and process en-gineering company; KF, the con-sumer co-operative, and the Ratos

Share trading in Kabinettet,

trading and mixed light industrial company, and Citaret, a small ma-

chinery leasing company, was also

cent of the Ahlsell equity, corre-sponding to 33 per cent of the votes. Share trading in both companies was balted on the Stockholm

per cent of the votes

halted, pending an anno

Warner to

pay dividend

The company's last quarterly cash dividend of 25 cents was paid

The dividend is payable February 17 to shareholders of record on Feb-

expected today.

from New York

on May 15 1984.

trading and industrial company. Ahisell, which has extensive property boldings in addition to its industrial trading operation, has a

bid for rest

of Ahlsell

from \$3.38bn.

from \$6.86bn.

Results of the 1985 fourth quarter

economic marine transport char-ters and vessels and a \$36m provision for the doubtful commercial viability of a hydrocarbon find. It said the comparable 1984 period included a \$110m provision for the closure of the Wilhelmshaven refinery in Germany.

come of \$19m in the fourth quarter compared with a loss of \$23m in the WHY SWEDISH INVESTMENT GROUP HAS CHOSEN TO FIGHT VOLVO'S SKR 3.27BN BID

# Regional ties spur Cardo defence

and Cuthberts).

REGIONAL CONCERNS are play- monopoly sugar producer, Hilleshing a considerable role in the decision of Cardo, the Swedish investment and industrial holding company, to fight off a SKr 3.27bn (\$309m)

takeover bid from Volvo. Mr Ernst Herslow, 66-year-old chairman of Cardo, who has been dubbed the "Godfather of the Skane Mafia," says: "If you place a bid for Cardo you are digging deep down into the Skane soul."

A contested takeover is an unusual spectacle in Sweden - deals are usually first sewn up behind closed doors by dominant owner groups - but Skane (pronounced Scohne) has always prided itself on being a region apart.

The southern-most province of Sweden, it was for long part of Denmark. It has preserved a distinct cultural identity with its own - for other Swedes, rather comical - dialect, an economy founded on agri-has ruled over Cardo as managing culture rather than forests or iron director or chairman for almost 20 and steel, and a determination to years. resist the centralising tendencies of

What Volvo is after are Cardo's its move for Cardo. Unemployment

og, the plant genetics group, which ICI, the UK chemicals group, tried to buy in 1984, and Weibulls, the mo, the main city, is under threat of closure and the region feels neglected by Stockholm, which has so far paid little attention to pleas for speseeds company which claims around 50 per cent of the UK garcial assistance.

But in the space of a few weeks, den seeds market (it owns Suttons Volvo has become involved in two of the country's biggest business deals, which threaten to transfer Volvo aims to merge the Cardo industrial operations with Provendor, its existing food division, creating a control from the region over some new unit with annual sales of more of its biggest companies, including not only Cardo, but also Sonesso than SKr 8bn, but it had failed to the engineering group, and its pharmaceuticals and medical equip-ment subsidiaries, Leo and reckon with the groundswell of emotional resistance in Skane. Many small shareholders in Car-

do have held the shares in the fami- Gambro. If decision-making in Skane companies is displaced, the region will become a branch economy, and it will be hard to attract good people," says Mr Herslow.

Last week more than 1,000 Cardo shareholders filled Malmo's new concert hall to hear from Mr Herslow and Mr Pehr Gyllenhammar, Volvo chairman, the pros and cons of the Volvo bid.

Skane already felt itself under Sweden is unused to slanging matches in a takeover battle, Malmo was neither the site of a pitched attack by Volvo on the ineptitude of

merchant shipbuilding yard in Mal- Cardo management, nor of a spirited defence by Cardo with promises of a shining future.

It was almost in passing that the Volvo chief mentioned that, since it first bought into Cardo in 1984, Volvo had seen the price of its Cardo shares decline from more than SKr 400 to SKr 220 before it made its

Mr Per Lindblad, Cardo manag ing director, said the company's ing cirector, sain the company's profits had jumped by 40 per cent last year to SKr 610m.

Volvo has already secured close to 40 per cent of the shares in Car-

do, with additional options probably taking it close to 50 per cent, but it needs 90 per cent by the end of January when the offer closes if it is to push through the deal as envisaged with the hiving off of Cardo's equity portfolio into a new investment company to be owned by existing Cardo shareholders.

One broker commenting on the deal said: "The shareholders may weep but they will take the money." But for the moment at least the Volvo bid has been jolted by factors that mere economic considerations might find hard to overcome.

# **IBM France profits** growth fails to meet expectations

iary of the leading US computer 2.5bn in 1984 on a 13 per cent rise in of the issue and that, in fact, it is

had not completely met company targets because the growth rate was lower than in previous years. The margin on sales rose to 7.7 per cent from 7.5 per cent the year before and 6.6 per cent in 1983.

The slower earnings rise reflects factors including the decision of IBM France customers to buy IBM equipment from other European subsidiaries for exchange-rate reasons. Pressure also appears to have been growing on French state groups to buy computer equipment from domestic manufacturers, especially the nationalised Bull group, rather than from IBM.

lomestic equipment.

IBM is now the largest computer

people.
IBM officials also sought to clarify the group's position on the com- the development of new telecommuable different computer systems to

The officials confirmed during a rather than satellite system two-day seminar at IBM's research centre of La Gaude, near Nice, that ing the use of the French Telecom 1 the new Open System Interconnection (OSI) standard and that it was there were about 12 IBM clients inalready offering some

products. However, they also emphasis IBM would not abandon its own tions satellites had a future. But it System Network Architecture (SNA) standard developed before discussions on OSI started.

The controversy over intercon-

IBM FRANCE, the French subsid- certed effort by IBM's rivals to undermine the US computer group's dominance in the market, But IBM group, saw its earnings rise to FFr dominance in the market, But IBM 2.9bn (\$390m) last year from FFr believes that is a misrepresentation sales to FFr 37.5bn. and has been working alongside the However, IBM officials said the increase in net earnings last year to develop the new international standard. However, the issue is complex to resolve technically and IBM argues that it is bound to take time to develop OSI.

IBM officials in France are also closely following developments in the French telecommunications market, especially in business communications and new value-added services. Mr Jean Philippe Gallant, who heads IBM France's telecommunications activities, expects regulations to evolve in France in the face of the emerging market for value-added services.

If that market for new services is ather than from IBM. deregulated, as expected, Mr Gal-Although such pressure is not lant would like to see France set up new, IBM officials appeared con- a mechanism like the Federal Comerned over what they saw as an in-munications Commission (FCC) in tensification of the campaign to the US to ensure the transparency persuade state concerns to buy of the market and that the new rules are respected.

Another area of concern for IBM group in France in terms of sales officials is the development of tele-and jobs. It employs almost 22,500 communications satellites in Fig. communications satellites in Europe. Mr Gustave Barth, an IBM teplex and controversial question of nications satellites was being held new international standards to en- back in Europe because of a lack of political will-power and telecommu-nications lobbies favouring earth

the US computer group intended to satellite in France for data transcollaborate in the development of mission. He also said that, on the basis of the results of these tests, terested in data transmission using a satellite.

He argued that telecommunicawas worrying that there was no programme in Europe to follow Telecom 1, while in the US there were already 30 telecommunications satnection standards has often been ellites in place, 20 more ordered and portrayed as an attempt at a con- a further 52 envisaged.

# helped by special gains and im-and higher petrol sales contributed proved downstream results domes-to the downstream improvement. tically and abroad. Net profits jumped from \$284m or 89 cents a share to \$425m or \$1.04. Foreign oil earnings of \$298m in the 1985 fourth quarter were \$80m higher than in the corresponding The company took a \$44m gain on period a year earlier, with down-the sale of W. F. Hall Printing, a stream results again providing the

include a \$50m provision for the clo-sure of the Frontignan refinery in For the year, Mobil reported net earnings of \$1.04bn or \$2.55 a share, France, a \$53m provision for un-Revenues in the fourth quarter edged up from \$16.1bn to \$16.3bn,

> Chemical operations reported in-1984 fourth quarter. Mobil said earnings were higher in the plastics

# industrial operations - chiefly the is well above the national average. Swedish sugar company, Sweden's Kockums, Sweden's last remaining MCI results buoyed by gains

from anti-trust settlements

BY PAUL TAYLOR IN NEW YORK

than offset equipment write-downs. The group, which last year an- fell to \$8.3m, or 4 cents a share.

nounced plans to acquire Satellite subsidiary of IBM in return for stock and a cash infusion from IBM, said fourth-quarter net earnings, before an eastern \$34.6m, \$28.3m charge, increased to \$34.6m, before an extraordinary or 15 cents a share, from net income of \$13.2m. or 6 cents, in the corre-

sponding period a year ago.

MCI Communications, the Wash- after a \$103.3m write-down on com- \$59.2m, or 25 cents, in 1984, when ington-based long-distance tele munications equipment and a earnings were reduced by a \$49.8m phone group, yesterday reported \$113.6m after-tax gain on a portion higher fourth-quarter and full-year of anti-trust settlement, but is benet earnings, buoyed by gains from fore the \$20.3m extraordinary anti-trust settlements which more charge to cover debt retirement. After this charge, final net earnings

MCI, which has been battling to Business Systems, the loss-making increase its market share in the fiercely competitive US long-distance telephone market, said revenues in the latest period grew by 38 per cent to \$721.4m from \$521.5m a

year earlier

equipment write-down.

ly for a couple of generations with links going back to the old sugar factories at the end of the last cen-

tury. "Many farmers have shares

that they have inherited from their

fathers and grandfathers," says Mr

Herslow, the patriarchal figure who

ressure even before Volvo made

The 1985 results include \$153.8m write-down on equipment, offset by a \$206.6m gain as a result of anti-trust settlements with Bell stem companies, together with a \$18.2m gain on the sale of land. Final net income for the year, including the extraordinary debt charge, was \$113.3m, or 48 cents a share.

MCI, which has seen its operating costs soar as a result of regula-For the full year, MCI's net earnings before the extraordinary debt retirement charge were \$139.6m, or 59 cents a share, compared with per cent to \$2.54bn from \$1.96bn.

### Montedison pays \$55m for Allied-Signal unit

AUSIMONT COMPO, a special chemicals subsidiary of Italy's Montedison group, said yesterday it was paying \$55m to acquire from Allied-Signal of the US its fluoropolymer resins business. The acquisition consists of plants in New Jersey and Texas, as well as research laboratories, sales networks, technology and patents.

Ausiment Compo is the Dutch-registered vehicle listed on the American Stock Exchange. It was formed from the merger last au-tumn of Austmont and Compo Industries of Delaware. Montedison controls 86.5 per cent of Ausimont Compo. Ausimont alone last year had L550bn (\$333m) turnover. Negotiations between Montedishave started last summer and are part of what Mr Mario Schimberni, Montedison chairman, calls a "strategy of creating global activities in the field of special chemi-Mr Filippo Lombardo, a Monte-

on and Allied-Signal are believed to

dison executive said vesterday in Milan that the plants acquired from Allied-Signal should generate about \$50m of revenue in 1986 against \$45m last year. He said the plants, which produce materials for industries such as electronics, aerospace and motor vehicles, were profitable.

In 1986 Compo would contribute around L320bn to a total of L000bn of turnover for Austmont Compo.

# 

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has arranged

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### Textron to sell Bostitch | Mineral price cent to \$415m, or \$2.48 a share, from division for \$193m

TEXTRON, the US diversified prod-

from New York. share in 1986. The company previously said its earnings per share would advance in the year, from an expected \$2.85 a share in 1985 and the \$2.60 reported in the prior year.

The deal is expected to be com-pleted by the end of the first quar-

BOLIDEN, the Swedish mining, minerals and trading company, is expected to announce a bid this level following the acquisition of Aveo in 1985.

nots manufacturer and financial chief executive of Stanley Works,

Bostitch, based in East Green Stanley Works, manufacturer of wich, produces stapling and nailing hand tools, said the Bostitch unit, which makes staplers and fasten-industrial and commercial applicaers, would aid to its earnings per tions. It had sales in excess of \$200m in 1985 and employs 3,300 workers worldwide.

Textron said the sale is part of its The company, which will release continuing plan to lower its debt its year-end financial results today,

services group, has agreed to sell its said he expects an increase in earn-Bostitch division to Stanley Works for about \$193m, reports AP-DJ the acquisition. ings per share in 1986 as a result of

Stanley Works said the Bostitch unit is "a good strategic fit" that will help it expand professional and in-dustrial businesses as well as consumer do-it-yourself tool activities.

has said it expects 1985 sales of \$1.2bn, up from \$1.16bn in 1984.

## Nova writes down value of new plant

BY BERNARD SIMON IN TORONTO

NOVA, the Calgary-based energy and petrochemicals producer, has written down the value of a new polyethylene plant at Joffre, Alberta, by C\$157m (US\$ 112m), bringing its total write downs for the 1985 fiscal year to C\$216m.

been reduced by almost half to C\$175m because prices and produc-tion costs for the granular resin it produced were not "commensurate Together, they control 20 per cent with the business assumptions undilution in its ownership of Husky of the shares corresponding to 35 deriving construction of the plant."

The restated value includes additions of C\$50m scheduled for 1985. Canadian resources companies have announced asset writedowns totalling more than C\$1.6bn in the past six weeks. Denison Mines wrote down its entire investment in the Quintette coal mine in British

ting loss of C\$59m stemming from a

The company said yesterday that Columbia. The two loss-making the book value of the plant, which mining groups, Noranda and was commissioned in late 1984, had Cominco, have also substantially reduced the carrying value of some

Nova earlier reported an accoun

# 3M in joint venture

BY OUR FINANCIAL STAFF

The company, Harris/3M Docu-

activities in the fields of copying nies. entertainment group, said its board voted to reinstate an annual cash dividend of 50 cents per share, or 12.5 cents quarterly, Reuter reports-

Laure Raun in Amsterdam.

THE 3M group and the Florida-based Harris Corporation have set up a joint subsidiary with annual sales of around \$400m.

and tele-copying systems. Based in Atlanta, it will have a payroll of some 2,500 made up of former 3M and Harris employees.

According to a statement by 3M. ment Products, is intended to con- the move is aimed at increasing the solidate its parents' international market share of the partner compa-

### State cuts stake in Hoogovens

per cent as part of a continuing plan to privatise state holdings, writes

The shares, which netted F1 164m

THE DUTCH Government has (\$60m) for the Government, were nearly halved its 28.4 per cent stake recently sold to private investors in Hoogovens, the steel group, to 15 through a bank syndicate, according to a letter from Mr Otus van Aardenne, Economics Minister, to Parliament. The state will keep its remaining holding for the time

sum for Amann some months ago. Last week, however, the authorities said that no official approval would

the main object of the company."

Amann, whose annual turnover is

### rises boost **Falconbridge** By Kenneth Marston in London

ings of CS7.6m (USS5.4m) at Cana-da's nickel and copper-producing Falconbridge have brought the 1985 total to C\$38.5m, or 95 cents per share. This compares with C\$28.7m, or 80 cents, before extraordinary items in 1984.

Dr William James, the chairman and chief executive, said the im-proved earnings reflected higher prices realised in Canadian dollars for the company's nickel, copper and cobalt together with increased

The 1984 earnings were increased to C\$80.2m by extraordinary gains of C\$41.5m on the sale of Superior Oil shares and C\$10m in previously

unrecorded tax benefits.

Results for 1985 do not take into account the proposed purchase of Kidd Creek Mines for C\$615m from or the sale of the company's 55.7 per cent stake in Kiena Gold Mines to Campbell Red Lake Mines for C\$86.5m. Canada Development Corporation.

Cominco results, Page 21

### Tengelmann fails in bid for Amann

By John Wicks in Zurich

SWISS restrictions on foreign property ownership have caused the German Tengelmann group to fail in an attempt to take over Amann, Switzerland's biggest wine

the Neuchatel-based company, an-nounced yesterday that it would be taken over instead by Mr Fritz Rottermann, a Swiss busine wine expert.
Tengelmann, a leading German grocery chain, bid an undisclosed

be granted for the transaction.
This is because of the so-called
"Lex Friedrich," a Swiss law limiting purchases by non-residents of Swiss property. Transactions of this kind may include only such land and premises as are "necessary for

put at SFr 190m (\$80m), owns considerable property in the canton of Neuchatel over and above that used in the wine-import business. This includes extensive vineyard acreage, as well as agricultural land woods and buildings.

INTL. COMPANIES

Dalkon Shield group

back in profit after

A. H. ROBINS, a US pharmaceuticals group currently operating under Chapter 11 bankruptcy regulations, swung back sharply into prof-maintaining current operations.

\$75.8m against losses of \$461.6m in year, when proceedings in pending 1984. Sales amounted to \$706m Dalkon Shield cases were stopped against \$632m.

The profit, equivalent to \$3.12 a \$66.5m was charged against the reshare, included \$14.4m in deferred serve fund. Professional fees asso-

tax benefits. The previous year's ciated with the Chapter 11 filing re-

reflected a charge of \$615m for the establishment of a reserve to meet compensation and litigation costs related to its Dalkon Shield intrauterine birth-control device.

The company's decision to file for come in the 1985 entering by \$15.5m.

Fourth-quarter earnings of \$13.5m, or 55 cents a share, compensation and litigation costs pared with a loss of \$482m, or \$19.24, in the previous year. Sales jumped to \$186m, from \$166m, laone in the 1985 entering by \$15.5m.

Chapter 11 was caused by its prob-lems over damages claims against the Dalkon Shield. It said at the

losses, amounting to \$18.44 a share, duced earnings by \$15.6m.

Banco de Vizcaya's

earnings rise 23%

Chapter 11 filing

it last year, with net earnings of \$75.8m against losses of \$461.6m in

time that it was aiming to develop a

This announcement appears as a matter of record only



London and Manchester (Mortgages) Limited

£300,000,000 **Medium Term Transferable Loan** 

> Arranged by Samuel Montagu & Co. Limited

> > Provided by

Dresdner Bank Aktiengesellschaft London Branch The Mitsubishi Bank, Limited Allied Irish investment Bank plc N M Rothschild & Sons Limited Banque Paribas (London) The Taiyo Kobe Bank, Limited

Samuel Montagu & Co. Limited Commonwealth Bank of Australia Credit Commercial de France London Branch The Sumitomo Bank, Limited Creditanstalt-Bankverein **Banque Beige Limited** 

The Long-Term Credit Bank of Japan, Limited National Australia Bank Ltd Australia and New Zealand Banking Group Limited Credit du Nord Landon Brench Midland Bank plc Credit Agricole London Branch Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Kansallis Banking Group Kradisthank N.V. London Bur

Morgan Guaranty Trust Company of New York Postipankki (U.K.) Limited Union Bank of Finland Ltd London Branch The Union Discount Co. of London, pic Banca Commerciale Italiana London Brand

> Agent Bank Samuel Montagu & Co. Limited



This announcement appears as a matter of record only



### **MECCA LEISURE GROUP pic**

£56,500,000 **Secured Loan Facilities** 

Underwritten by

Samuel Montagu & Co. Limited The Royal Bank of Scotland plc

Provided by

Charterhouse Japhet pic Creditanstalt-Bankverein Investors in industry pic Samuel Montagu & Co. Limited The Royal Bank of Scotland pic

Agent

Samuel Montagu & Co. Limited



Inter-Regional Financial Group, Inc.

has sold

Investment Advisers, Inc.

Hill Samuel Group Plc

We initiated this transaction, acted as financial advisor to Inter-Regional Financial Group, Inc. and assisted in the negotiations.

Merrill Lynch Capital Markets

January 1986

Lloyds and Scottish America Corporation

bas sold

James Talcott, Inc.

**Congress Financial Corporation** 

a subsidiary of

CoreStates Financial Corp

We acted as financial advisor to Lloyds and Scottish America Corporation and assisted in the negotiations.

Merrill Lynch Capital Markets

January 1986

Die Erste österreichische Spar-Casse-Bank

**US\$50,000,000** 

Subordinated Floating Rate Notes Due January 1992 Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from January 29th, 1986 to July 29th, 1986 the notes will carry an interest rate of 81/4% per annum. On July 29th, 1986 interest of US\$41.479166 will be due per US\$1,000 Nominal against Coupon No. 5.

**ORION ROYAL BANK LIMITED** er of The Royal Bank of Canada Group

BANCO DE VIZCAYA, the first of West Germany on a joint venture Spain's big-seven private banks to through one of Vizzaya's sub-announce its 1985 results, reg. sidiaries. The planned venture

N. American quarterlies, Page 35

From January to August 1 of last

intered a 23 per cent growth in net would have a network of about 30 profits to Pta 13.16m (\$586.4m) compared with Pta 19.69hn the year before. It is raising its annual dividend to Pta 227 a share from Pta 212.

The countries increase counts at Sandares. The planned venture would have a network of about 30 hranches.

This project coincides with other moves to restructure Vizcaya's banking group, which includes 11 subsidiary banks.

The earnings increase comes alter a rise of 18 per cent in 1984. Last year's profits before tax showed a absorb Banco de Prestamo y Ahorstronger growth of almost 30 per ro (Ahorrobank) to rationalise the cent at Pra 18.94bn, while consolidated group earnings were almost Banco Occidental will absorb an 48 per cent up at Pta 30.57bn.

Mr Pedro Toledo, chief executive, Comercial. Vizcaya also intends to confirmed at the annual sharehol- set up a new unit in the Canary Isders's meeting in Bilbao that the lands based on the branch network bank was poised to conclude an there of Banco Occidental and agreement with Dresdner Bank of Banco Industrial del Sur.

### Weber buys out US partner

BY JAMES BUXTON IN ROME

systems and carburettors, has about \$50m in 1985, is now called bought out the partner in its US Weber USA.

The US offshoot of Weber has im-

WEBER, the subsidiary of the Fiat Weber has acquired the 50 per cent vehicles and engineering group stake held by the US company ACF, which manufactures fuel injection Carter Weber, which had sales of

an expansion programme in North portant supply contracts with US America. ... car manufacturers such as Ford. imerica.

Under the deal, financial details. American Motors and Chrysler for of which have not been disclosed, carburettors and injection systems.

**NEW ISSUE** 

This announcement appears as a matter of record only

JANUARY, 1986



# Unilever Becumij N.V.

A\$75,000,000 141/4% Guaranteed Notes due 1989

unconditionally and irrevocably guaranteed, on a joint and several basis, as to payment of principal and interest by

Unilever N.V.

**Unilever PLC** 

Issue Price 100 per cent.

**Bankers Trust International Limited** 

Algemene Bank Nederland N.V. **EBC Amro Bank Limited** 

Swiss Bank Corporation International Limited Banque Bruxelles Lambert S.A.

Banque Nationale de Paris Crédit Commercial de France

Dresdner Bank Aktiengesellschaft Genossenschaftliche Zentralbank AG-Vienna F van Lanschot Bankiers N.V.

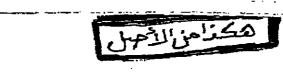
Nederlandsche Middenstandsbank N.V. Pierson, Heldring & Pierson N.V.

Union Bank of Switzerland (Securities) Limited

Deutsche Bank Capital Markets Limited Morgan Guaranty Ltd Bank Mees & Hope NV Banque Générale du Luxembourg S.A. Commerzbank Aktiengesellschaft Credit Suisse First Boston Limited Generale Bank

Hambros Bank Limited Samuel Montagu & Co. Limited Nederlandse Credietbank N.V. Rabobank Nederland

Westpac Banking Corporation



Generale Bank

Banque Indosucz

Crédit Lyonnais

Banque Bruxelles Lambert S.A.

Morgan Stanley International

Shearson Lehman Brothers International

Orion Royal Bank Limited

### INTERNATIONAL COMPANIES and FINANCE

# reach break-even this year

GARUDA, the loss-making Indonesian state airline, improved its financial performance last year and could reach break-even in 1986 for the first time in many years, according to company officials.

Mr Reyn Lumenta, its president, said that in the first nine months of 1985 earnings reached a record US\$514m. But debt repayments of \$230m caused a year-end loss of \$30m.

In 1983 Garuda incurred a loss of \$76m, reduced in 1984 to just over \$60m. Garuda's debts now stand at more than \$1.15bn. but Mr Lumenta said these had peaked last year and the airline had no cash flow problems. Garuda expects to increase its European flight frequency from eight to 12 times a week this year and also to make greater use of its cargo capacity.

Mr Lumenta said excess capacity on the airline's fleet of nine Airbus A-300s would soon be filled through agreements

biggest fleets in Asia, needs no new aircraft for the next five years, said Mr Lumenta.

PHR

3

Viacom International Inc.

NOTICE OF ISSUANCE OF SHAREHOLDER RIGHTS

To the Holders of

Viacom International Inc.

71/4% Convertible

Subordinated Debentures

Due 2000

Notice is hereby given that the Board of Directors of Viacom International Inc. ("Viacom") adopted on January 23, 1986 a Shareholder Rights Plan designed to protect

shareholder interests by preventing a potential acquirer

from gaining control of Viacom without offering a fair price

to all of its shareholders. Under the plan, each shareholder of record at the close of business on February 7, 1986, will receive a dividend distribution of one right for each Viacom

one one-hundredth of a participating preference share at

an exercise price of \$175. The rights will become

exercisable, and will detach from the common shares, ten days following the date on which any individual or group acquires 2007 militate of Viacom's common shares. Or

announces a tender or exchange offer which, if consummated, would result in that person owning at least 30% of

If a 20%-or-more owner combines with Viacom in a reverse

merger in which Viacom survives and its common shares

are not changed, or in the event of certain self-dealing

transactions between the 20% owner and Viacom, each right will then entitle its holder to purchase Viacom common shares with a value of twice the \$175 exercise

price. Or, it following an acquisition of 20% or more of the

common shares. Viacom is acquired by any person in a

merger or sells 50% of its assets or earning power to any person, each right will entitle its holder to purchase stock of

the acquiring company with a value of twice the exercise

price. In both cases, the 20' è-or-more owner is prohibited

Viacom may redeem the rights at \$.05 per right at any time on or prior to the tenth day following the date on which any person acquires 20% or more of its common shares.

from exercising the rights.

SALES.

INCOME BEFORE TAX

from continuing operations

Continuing operations

Discontinued operations

EARNINGS PER SHARE

Continuing operations

Discontinued operations?

INCOME FROM:

NET INCOME

common share. The rights expire on February 7, 1996. Each right entitles shareholders to purchase from Viacom

# Garuda may Dubai Bank sues Galadari brothers

DUBAI BANK has filed a 360m Intercontinental Hotel and brothers. The banks would like will be made over four years. dirham (\$98m) civil suit in the plaza apartments, the Khaleej local courts against the Galadari Times newspaper and several brothers, two prominent vehicle dealerships.

A first hearing took place last

The move follows several week, months during which a total of today.

19 creditor banks have been attempting to formulate a co-concer ordinated approach to repayment of loans believed to total more than 1bn dirham. The court application lists 17

A first hearing took place last week, and was adjourned until

The court action reflects the concern of banks-about the con-tinuing deadlock in the Galadari affair. In the absence of a local bankruptcy law, creditors are powerless to institute insol-

The Galadaris would not agree to this, since they believe the banks already believe the banks al

more supervision, and they It was followed by three attempted to get the brothers to foreign banks, all small accept a deal under which the creditors, who agreed to take a two would have largely given cash payment of around 40 per

the banks already have these banks to wait for a sufficient access to their affairs. They also feel that, given time, the various loans can be paid by Dubai Bank.

Dubai Bank, now largely separate cases against the Caladari group and its subsidiaries, as well as Abdul Rahim Galadari and Abdul Latif
Galadari.

The group owns the Dubai The poweriess to institute insolution institute insolution in the group institute insolution in the proventies against the vency proceedings against the ven

# Cominco losses mount in fourth quarter

BY KENNETH MARSTON, MINING EDITOR

COMINCO, the Canadian metals and fertiliser producer, has reported an increased loss of C\$35.6m (US\$25.3m or £18.3m) before write downs in the fourth quarter of 1985. It brings the total loss for 1985 to CS97.2m or C\$1.30 per share, compared with a profit of C\$24.2m or 9 cents in 1984.

be filled through agreements with other Asian airlines. This could mean some regional leasing arrangements for the Airbuses.

Garuda, which has one of the

The writedown reflects metal price uncertainties—notably of zinc—and their possible impact on the lives of these mines. Pine Point reports a 1985 loss of C\$45m or C\$9.96 per share, after provisions of C\$42.6m for asset writedowns and closure costs. The company had earnings of C\$15.3m, or C\$3.39 per share in 1984.

Share in 1984.

Cominco's metal operations have been hit by lower prices and reduced sales of zinc, lead and silver, partly offset by better profits from copper concentrate. The chemicals and facilities division has suffered

Cominco says the proposed sale for C387m of its 40 per cent interest in Fording Coal is expected to be completed in the current quarter. It will provide an extraordinary gain of about C\$12m,

Proven and probable ore reserves have been sharply increased at the Round Mounand silver, partly offset by tain open-pit gold mine in better profits from copper con-Nevada, the world's biggest centrate. The chemicals and heap leaching operation in fertiliser division has suffered which Canada's Echo Bay Mines from a 20 per cent fall in potash has a 50 per cent interest.

ating profit of C\$26.4m in 1985 compared with a profit of C\$66.5m in 1984.

Cominco says the proposed sale for C\$87m of its 40 per cent interest in Fording Coal is expected to be completed in the current outsite.

They now amount to 175.2m tons containing 6.9m oz of gold compared with the previous estimate of 42m tons containing 1.8m oz of gold. As a result of the upgrading a feasibility study is to be undertaken into the current outsite. tion at Round Mountain.
Echo Bay also owns the

Canadian Arctic Lupin gold mine, where reserves have declined to 3.1m tons containing 1m oz of gold. Further reserves should be established as underground development work moves into the deeper work moves into the deeper projected extension of the ore-body.

# Gold production falls at Bougainville

of a lower ore grade the sales ore tonnage milled resulting of precious metals contained in anode slimes also fell to autogenous mills for repairs to 515,884 oz from 583,757 oz. be carried out. They sub-

PRODUCTION OF copper contained in concentrates at the Papua New Guinea open-pit mine of the Rio Tinto-Zinc mine of the kio linto-zinc group's Bougainville Copper rose last year to 175,048 tonnes from 164,447 tonnes. Because of a lower ore grade the gold content fell to 14,372 kg from 15,673 kg, while silver rose to 46,112 kg from 44,400 kg.

Copper sales at the Rio Tinto-Zinc group's Palabora operation in South Africa, meanwhile, fell to 118,628 tonnes last year from 123,459 tonnes in 1984. Because

DAI NIPPON PRINTING

PARENT COMPANY ----

KAJIMA CORPORATION

CONSTRUCTION

There were no sales of uranium

JAPANESE RESULTS brewer in US SWAN BREWERY of Australia said it is offering to acquire Pittsburgh Brewing for US\$21.50 a share cash or a total of some \$28m, Reuter reports from New York.

Swan said the bid was conditional on the termination of Pittsburg's Brewing's proposed leveraged buy-out by Brewco. Brewco is a group including Pittsburgh Brewing manage-ment as well as Donaldson, Lufkin and Jenrette, and Parker/Hunter, Last autumn it

PARENT COMPANY DLYMPIS OFFICAL CAMERAS, MEDICAL INSTRUMENTS Revenues (bn) .........
Pre-tax profits (bn) ....
Net profits (bn) .......
Net per shere ........
CONSOLIDATED

US\$ Millions

887.7°

118.4

9.6

**\*72.1** 

.34

2.57

share. The latter still rejects the bid and has placed 4m shares at 35 cents with Temples, a publicly listed trucking com-Copper production was affected by a decrease in the pany which now holds 14 per cent of CKGM. Swan bids for

Sales of Palabora's other products increased, with magnetite

at 106,432 tonnes (90,273 tonnes), sulphuric acid 117,531 tonnes (90,244 tonnes), vermiculite 175,275 tonnes (174,074

tonnes) and zirconia products 12,079 tonnes (9,817 tonnes).

agreed to acquire the company for \$17 per share cash and \$8.75 in "junk" bonds.

NOTICE OF REDEMPTION

ALLCO INTERNATIONAL LIMITED inteed Floating Rate Notes 1996 Unconditionally and irrevocably

guaranteed by THE LONG TERM CREDIT BANK OF JAPAN LIMITED NOTICE IS HEREBY GIVEN that pursuant to condition 4(B) of the Notes Allco International Limited has elected to redeem on February 5, 1986 US\$1,450,000 of the outstanding Notes at 100%. The Notes drawn for redemption are numbered as follows:

302 395 660 710 1001 353 431 673 721 1086 1132 372 438 686 857 1090 1153

Payment will be made upon surrender of the Notes, together with all coupons maturing after the date fixed for redemption at the offices of the Paying Agents as shown on the Notes.

Coupons maturing on February 5, 1986 should be detached and presented for payment in the usual manner. On and after February 5, 1986 interest on the Notes will case to accrue and Notes will cases to accrue and unmatured coupons will become void.
Outstanding after February 5, 1986 \$69,150,000.
January 28, 1986
By Citibank N.A. (CSSI Dept.)
London, Paying Agent.

Wells Fargo

& Company £60,000,000

Floating Rate

Subordinated Notes

due January 1994

In accordance with the

in accordance with quarter rovisions of the Notes, notice is hereby given that for the Interest period 27th January, 1986 to 28th April, 1986

the Notes will carry an Interest Rate of 13 is per annum.

Interest payable on the relevant

interest payment date 28th April, 1986 will amount to £167-51 per £5,000 Note.

Agent Bank:

Morgan Guaranty Trust Company of New York

NET EARNINGS PER SHARE

★ Three year capital programme pays off with 26% increase in newsprint earnings while market weakens. ★ Income from coated paper up 13% as margins reach a record

BOWATER INCORPORATED

Record sales in 1985

904.0

114.8

40%. New machine at Catawba nears on-time completion. ★ Forbes Magazine January '86 survey ranks Bowater fourth highest US paper company for return on shareholder equity.

Bowater Incorporated of Darien, Connecticut is the largest producer of newsprint in the USA, and a major manufacturer of coated publication paper, bleached kraft market pulp and continuous business forms.



THE AMERICAN PAPER PEOPLE WITH A SOLID BASE FOR GROWTH

**NEW ISSUE** 

autogenous mills for repairs to be carried out. They sub-sequently operated at full capacity in the fourth quarter.

Paragon Resources has increased its offer for Western

Australia's Central Kalgoorlie Gold Mines to 35 cents (US 27 cents or 18p) from 30 cents per

These Notes having been sold, this announcement appears as a matter of record only.

Société Générale

Algemene Bank Nederland N.V.

Citicoro Investment Bank Limited

Manufacturers Hanover Limited

Nomura International Limited

January 1986

Banque Générale du Luxembourg S.A.

J. Henry Schroder Wagg & Co. Limited

SOFIBER Ltd.

U.S. \$ 100,000,000

10 1/2% 1986-1996 GUARANTEED BONDS

Unconditionally and irrevocably guaranteed by

SOLVAY & CIE, S.A.

SOLVAY

Deutsche Bank Capital Markets Limited

Union Bank of Switzerland (Securities) Limited

\*\* T ... \*\* \*\* \*\* \*\* \*\*

Société Nationale des Chemins de fer Belges (SNCB)/ Nationale Maatschappij der Belgische Spoorwegen (NMBS)

> U.S.\$75,000,000 Floating Rate Notes Due 1991

> > Guaranteed by

# The Kingdom of Belgium

(of which U.S.\$50,000,000 is being issued as an Initial Tranche)

Merrill Lynch Capital Markets BankAmerica Capital Markets Group

Kredietbank International Group

Banque Française du Commerce Extérieur

Genossenschaftliche Zentralbank AG Mitsubishi Finance International Limited

Samuel Montagu & Co. Limited

PK Christiania Bank (UK) Limited

Union Bank of Switzerland (Securities) Limited

January 1986

a fully integrated banking service

# DAIWA BANK

Head Office: Osaka, Japan London Branch: Tel: (01) 623-8200 Frankfurt Branch: Tel: (069) 55 02 31 Paris Representative Office; Tel; (01) 4296 15 73 Daiwa Bank (Capital Management) Limited, London: Tel: (01) 623-1494

Daiwa Finanz AG, Zurich: Tel: (01) 211 03 11

U.S.\$42,000,000

**Deutsche Bank Capital Markets** 

Mitsui Trust Bank (Europe) S.A.

Nomura International Limited

Société Générale

EF Hutton & Company (London) Ltd.

Short-term Guaranteed Notes issued in Series under a U.S.\$280,000,000 Note Purchase Facility

Mount Isa Mines (Coal Finance) Limited

Notice is hereby given that the above Series of Notes issued under a Production Loan and Credit Agreement dated 30th March, 1983, carry an Interest Rate of 8% per annum. The Issue Date of the above Series of Notes is 29th January, 1986, and the Maturity Date will be 29th July, 1988. The Euro-clear reference number for this Series is 15775 and the CEDEL reference number is 588051 Series is 15775 and the CEDEL reference number is 586951.

Manufacturers Hanover Limited

28th January, 1986

# Welcome for EEC uncapped floater Cheapest

THE European Community demonstrated yesterday that there is demand for D-Mark floating rate notes, as long as they do not have maximum coupons. It launched as borrowers, but dealers said none least the borrowers cost was 48 to be a widespread lack of interest among investors and only thin buying was seen.

A number of new issues were launched, and for good quality borrowers, but dealers said none fees the borrowers cost was 48 to be a widespread lack of interest among investors and only thin buying was seen.

Bank Capital Markets, was also moving slowly around the 17 per cent fees, Including those fees the borrowers cost was 48 to be a widespread lack of interest among investors and only thin buying was seen. DM 500m six-year non-callable issue, with Dresdner Rapk and Deutsche Bank as joint lead managers, paying an uncapped coupon equal to six month London inter-bank offered rate

London inter-bank offered rate (Libor) for D-Mark deposits.

The issue met a strong response and traded above its par issue price, at around 10.03.

Fees on the deal total 18 basis points. The reception was particularly good considering the poor state of the floater market in D-Marks where most issues have languished and a total total total total 18 basis points. The reception was particularly good considering the poor state of the floater market in D-Marks where most issues have languished and a total total. This was priced to yield a margin of 32 basis points at margin of 32 basis points above US Treasury yields taking the 2 per cent fees into account. This spread was considered realistic for the suprantional name. The coupon is 94 per cent and issue price 1004. However, the dull market meant that the deal only traded inst within its fees. number have been postponed. Traders say that the maximum coupon feature on most of them had made them too risky for many investors.

The Libor coupon fixing

without a margin is the tightest yet seen in the D-Mark market but this seemed not to deter buyers attracted by the good

Fixed-rate D-Mark bonds were rixeo-rate D-Mark bonds were actively traded yesterday afternoon as dealers hoped for interest rate cuts in Japan and watched the stronger opening in the New York bond market. Prices gained 1 point or more. Such considerations had little effect on trading in the Euro-dollar sector though and prices were harely higher. There

Japanese

buy more

proportion of selling.

foreign bonds

By Yoko Shibata in Tokyo

of them inspired much demand. Best of the pack was a \$150m 10-year deal from the Council of Europe Resettlement Fund led by Bankers Trust Interna-tional. This was priced to yield

just within its fees. The other issues were met with even less enthusiasm \$100m five-year deal Forsmarks Kraftgrupp, the Swedish nuclear energy group, came with a guarantee of the Swedish Government. But traders argue that this issuer's paper never trades as well as the guarantee deserves. As such

basis points above Treasurles

A more generous spread of 63 basis points was set for a 5m five-year deal for Kemira, the Finnish state-owned chemicals and defence company. Led by Credit Suisse First Boston terms were set at a 9 per cent coupon and 1001 issue price. The high issue price enabled the coupon to be set at a more attractive level, but even so dealers said they could not find a trading level for the issue. "It's a hard name to find placement for," said one new

issue manager.
Only one floater appeared a \$150m, 20-year issue for Banco Central, the largest private bank in Spain. Led by Bankers.
Trust, the bond's coupon will be set quarterly at the per cent above three-month Libor. Investors have put options after 12 and 15 years and the bonds are non-callable for three years. Fees on the issue total the guarantee deserves. As such the pricing at a spread of 28 basis points over US Treasuries looked tight. The coupon was set at 8½ per cent and issue price at 100½ by lead manager svenska International. Fees are 1½ per cent and the bonds were bid at that discount. The State Bank of South Australia is also a good credit linked level though at 99.82 by the long-expected equity linked level for Engine to put options after 12 and 15 years and the bonds are non-callable for three years. Fees on the issue total co-managers own them at 99.84. They were bid just below that level though at 99.82 by the long-expected equity

The State Bank of South
Australia is also a good credit linked issue for Fujitsu, the risk, guaranteed by the State. Japanese computers and communications group. was

launched by Nikko Securities (Europe). This has been trad-ing well above par in the grey market as rumours of its launch have circulated. The \$200m bonds have a five-year life and the coupon is indicated at 43 per cent. The equity warrants attached will give the right to buy shares at an expected 2; per cent premium. The bonds were quoted yesterday at 1051

The Washington Post, the US newspaper group, launched an Ecu 571m issue thought to be swap related. Salomon Brothers, set terms on the 10-year deal at an 84 per cent coupon and 1004 issue price. These con-ditions looked tight compared to an issue from the New South Wales Treasury last week. The bonds traded just inside the 2 per cent fees.

The Swiss franc foreign bond market was slightly firmer where changed, encouraged by the weaker dollar. The Asian Development Bank's 30-year zero-coupon issue ended its first day's trading on the stock markets at 21.35 compared to its 21.5 issue price. In active trad 21.5 issue price. In active trading the issue touched 21.40 at

In the guilder market the Inter-American Development Bank launched a F1 200m 10 year issue with an eight-year average life. ABN set the terms at a 7 per cent coupon and 99; issue price.

### Welbeck Finance adds to facility

WELBECK FINANCE. finance house subsidiary of the Debenhams store chain, now part of the Burton Group, is

N. M. Rothschild is

Separately, Salomon Brothers International is arranging a \$100m Eurocertificate of deposit programme for Sparebanken Rogaland, a Norwegian savings bank. Half of the five-year facility is backed by a standby

# French CP issue yet by CGE

THE GROWING French market in commercial paper has passed a new landmark with the issue of FFr 100m of paper by the state-owned Compagnic Generale d'Electricite (CGE) at an interest rate below prevailing Paric money market

Paris money market rates.

The issue, part of planned overall borrowings FFr 300m by the electronics and engineering group, is claimed by CGE officials to be the lowest-cost commercial paper funding since the market started in December.
The issue carries an interest

rate i percentage points below prevailing money market levels. Average interest rates on commercial paper funding so farmore than 25 companies have issued a total of FFr 6bn of paper—have been around it to be in the paper was a sound to the paper. points above money market

Average maturity of the paper issued so far has been around 30 days. Even after allowing for redemptions, total volume of borrowing this year looks likely to be well in excess of the FFr 10bn or so planned by the Treasury when the market was under discussion

market was under discussion last year.

Bankers have recently indicated that the market could grow to FFr 50bn by the end of next year. The anticipated acceleration in activity is sparking increasing efforts to set up an independent credit rating agency to vet the rating agency to vet the financial health of companies and institutions tapping the

and institutions tapping the market.

Borrowers so far have included state companies and organisations such as Pechiney. Rhone-Poulenc, Renault and SNCF, the French railways, as well as big private groups like Peugeot and a number of French subsidiaries of multinational companies.

### DOMESTIC BOND **MARKETS**

# Rate cut hopes

Rate cut hopes

lift Tokyo

THE DOMESTIC yen bond market closed higher on half-point cut in Japan's 5 per cent discount rate, but the market's upward momentum was kept partially in cheek by liquidation by financial institutions of expanded long positions:

The yield of the key No. 78 6.2 per cent in late trading, after falling to a low of 5.410 per cent. The Bond's yield on Saturday was 5.505 per cent.

The market reacted little to Bank of Japan indications that market forces should stabilise the yen.

Many traders are awakting Finance Ministry proposals of the second low as 5.50 for the proposals of the second low as 5.50 for conditions that market forces are awakting Finance Ministry proposals of the second low as 5.50 for the proposals of the second low as 5.50 for the proposals of the second low as 5.50 for the proposals of the second low as 5.50 for the proposals of the second low as 5.50 for the proposals of the second low as 5.50 for the proposals of the second low as 5.50 for the proposals of the low as 5.50 for the proposals of the low as 5.50 for the proposals of the low as 5.50 for low as 5.50 for

trading, after falling to a low of 5.410 per cent. The Bond's yield on Saturday was 5.505 per

Many traders are awaiting Finance Ministry proposals of issue terms for February's 10-year Government Bonds. The coupon rate is likely to be 6.1 per cent, and the issue price Y99.00, both unchanged from Jamiary. Issue volume is expected to be between Y600bn and Y700bn. Some securities houses attempted to drive the yield of the key bond higher ahead of the announcement to prevent the Ministry from ask-ing for a least of the selection ask-ing for a leas Raiston Purins 12's 89
Seekatchewan 10's 82...
Seakatchewan 11's 88...
Seakatchewan 11's 89...
Seatoil 10 90
Swed. 10's 12's 89
Swed. Erp. Cred. 10 92
Sw. Ex. Cr. 12's 89 XW
Sweden Kgdm. 10's 90
Sweden Kgdm. 11's 98
Sweden Kgdm. 11's 98
Sweden Kgdm. 11's 98
Tanneco Cpn. 10's 95...
Utd. Tech. Fin. 10's 95
Victorian Rep. 115, 92
World Bank 10's 94 ...
Avarage price change prevent the Ministry from ask-ing for a lower coupon rate.

### Frankfurt op in lively trading

PRICES OF public authority bonds ended bourse trading in Frankfurt as much as 45 pfennigs up in fairly lively business, but with the occasional isolated issue down five pfennigs.

Pre-bourse enthusiasm on the back of growing expectations of softening interest rates held to the close. Deutsche Mark assets continued to benefit from the dollar's softer undertone and sentiment that a discount rate cut may emerge from Japan, sparking a similar move in the US.

The Bundesbank sold DM 76.7m of paper into the market, compared with sales of DM 74.1m on Friday.

Some refuelled expectations that an EMS realignment may not be far off also aided general prices.

A new Deutsche Bundesbann

A new Deutsche Bundesbahn DM 850m 10-year bond was announced with a 6.375 per cent Average price changes... C
SWISS FRANC
STRAIGHTS
STRAIGH

coupon and 100 per cent issuing of the total, DM 700m will be offered through a banking consortium, DM 75m will go to the Deutsche Verkehrs-Kredit-Bank, the Deutsche Bundesbahn house bank and DM 75m will be set aside for market tending operations

### Zurich shuns **SBC** offer

IN ZURICH the new 5 per cent Swiss Bank Corporation (SBC) bond, issued at par, was quoted at 99.75 per cent on low turnover. Many investors seemed uninterested in a bond with a maturity of 25 years. Dealers said this was a disappointing result, compared with the 5 per cent Eurofima and the 4½ per cent Cantonal Bank of Solothurn (both bonds first traded on Friday) which were up ½ and ½ point. up and a point.

# Akzo balances the benefits of hedging currency risks

BY ALEXANDER NICOLL, RECENTLY IN ARNHEM

WHEN AKZO, the Dutch chemicals group, reports 1985 results this week, it is likely to face a problem shared by many European multinational companies: ensuring that shareholders grasp the company's underlying performance at a time when profits stated in domestic currency have been affected by the dollar's steep

Advocates of hedging instruments such as currency options argue that the exposure of the balance sheet and profit and loss account to the dollar's fall could easily be covered. Others, however, say it is too costly to buy protection simply to dress up the annual figures. They prefer to concentrate on actual flows of cash.

Aizo can be counted in the latter school. It does have highly sophisticated treasury management systems. A 15-person team at its Arnhem headnarters centrally monitors and hedges the currency risks assumed by each part of the group, which has over 200 operating businesses in nearly 50 countries.

Heavily exposed But Mr Frits Hensel, Akzo's treasurer, argues that currency impacts on the company's balance sheet and profit figures balance sheet and profit figures must, as a general principle, be accepted. Akzo attempts to limit the creation of balance sheet exposure to non-guilder currencies—by, for example, keeping equity capital of foreign subsidiaries at a low level — but does not believe in paying to hedge it. paying to hedge it.

Potentially adverse share-holder perceptions caused by this policy are countered in the company's investor relations

programme. "We try to convince shareholders that they are buying into a multi-currency company, not just a Dutch com-pany," says Mr Hensel. "We are offering them a basket of investments in different countries, subject to differing economic cycles,"

Though balance sheet exposure is broadly accepted currency risks from actual transactions are emphatically not. Akto is heavily exposed not just because of its operations abroad, but particularly because 70 per cent of its Dutch output and 50 per cent of its large ways.

cent of its Dutch output and 50 per cent of its large West German production is exported. Akzo's policy is to concentrate as much of the risk as possible on headquarters, and to manage it from there. Foreign subsidiaries which buy from the parent are invoiced in their local currency, leaving the parent with the risk. Each operating unit which assumes a currency risk must sell it on to the Arnhem treasury group "as though we were a bank." The unit is thus guaranteed a worst case rate for each transaction. case rate for each transaction.

case rate for each transaction.

The exposure is managed in line with weekly assessments of currency and interest rate trends. "It is our firm policy never to increase our exposure as shown in that final sheet," Mr Hensel says. "In principle we like to be hedged, provided that we can do so at an econothat we can do so at an economical rate." For example, Akzo last year left exposure to the Italian lira uncovered for some tanan ara uncovered for some time, because the costs of hedging were felt to be too high.

To hedge, Akzo mainly uses the forward currency market, Options, Mr Hensel says, are too expensive to hedge risks which are exactly quantifable (as most of those are with which he must of those are with which he must deal), though they are of more

use when the precise size of currency flows is unpredictable. Equally central to the treasury function is management of group debt. Current policy is governed by two main factors. On the one hand, Akro's strong recovery over the past three years and a series of disposals have enabled it to repay over Fl 2bn over the past two years from a total debt of F1 3.7bn at the end of 1983. On the other, it has been trying to structure its debt arrangements so as to reduce costs but be ready to make quick

### Repaying debt

Alczo was unable in 1985 to redeem as much fixed rate debt as it would have liked. It correctly auticipated the resulting rise in liquid assets, and earned a good return on them. But Mr Hensel says that with interest rates now more stable, this return will not be matched in 1986 so the company "will use every opportunity this year to repay debt out of liquid

The balance between fixed and floating rate financing is expected to shift as the comexpected to shift as the com-pany finances acquisitions at floating rates. To be ready for these. Akzo has been establish-ing cheap long-term committed facilities as well as the ability to raise money at very short notice. Last year it arranged a \$400m package of which \$100m was committed while the rest was committed while the rest was split between uncommitted advances and Euro-commercial paper facilities. On the first ECP drawing in early January. apparently made as a test of the market, Akzo paid a handsome 15 basis prints below London interbank bid rates.

### FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Closing prices on January 27

\*No information eveilable—previous day's price.

† Only one market maker supplied a price.
Iraight Bonds: The yield is the yield to redemptio
the mid-price: the amount issued is in million:
currency units except for Yen bonds where it i
billions. Change on week—Change over price a
sartier.

chings. Change on week—Change over price a week earlier.

Rosting Rate Notes: Denominated in deliers unless otherwise indicated. Coupon shown is minimum. C.die—bare next coupon becomes effective. Spread Margin ebove six-month offered rate (f three-month; § above mean rate) for US deliars. Copn—The current coupon. Convertible Bonds: Denominated in deliars unless otherwise indicated. Chg. day—Chenge on day. Chv. date—Nominal amount of bond per share expressed in currency of shere at conversion rate fixed at issue. Prem —Percentage premium of the current offective recent price of sequiring shares via the bond over the most recent price of the shares,

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### for Kleinwort Benson BY ALEXANDER NICOLL

US commercial paper

NET PURCHASES by Japanese investors of foreign bonds more than doubled in 1985 to more than doubled in 1985 to \$41.9bn compared to the previous year, according to the Japanese securities dealers' association. US dollar bonds accounted for 82 per cent of total buying, which reached \$228.6bn, and a slightly higher proportion of selling. ing top grading from the two financial strength from rating leading rating agencies.

Mr Michael Hawkes, Klein
"We can no longer rely Foreign bond purchases peaked in July last year, then

slowed down in response to the Ministry of Finance's restric-tive policies and to the steep Kleinwort has been rated Al by Standard & Poors and Pl by to permit the launch of a sterling denominated commond the Bank of Scotland already have ton ratings to back some appreciation of the yen against The volume of dealings acce-

RLEINWORT BENSON is to become the first British merchant bank to issue US merchant banks to obtain commercial paper after receiving merchant banks to obtain independent assessment of their

Mr Michael Hawkes, Kleinwort chairman, said yesterday the bank would shortly issue about \$150m of paper, with Goldman Sachs acting as to seek ratings had also been pin Kleinwort's general banking book, 60 per cent of which is in dollars.

"We can no longer rely simply on being a member of the Accepting Houses Committee," he said. The decision to seek ratings had also been influenced by the collapse of Johnson Matthey Bankers, he added. We can no longer rely

Kleinwort is among banks The volume of dealings accelerated sharply in December, as many smaller investors took profits ahead of the widely expected decline in US interest rates.

the Bank of Scotland already like though Mr Hawkes acknowledged that the competitiveness of rates in the bankers' acceptance and the current restructuring of UK financial that there would be a large institutions ahead of the so-volume of issues.

adding a £70m uncommitted acceptances and advance facility to a £140m committed credit already in place.

new one, which will last until June 1987, carries an acceptances commission cap of 35 basis points and will employ the tender panel system of distribution.

This announcement appears as a matter of record only

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Swiss Bank Corporation

The Royal Bank of Canada Group Union Bank of Switzerland

Bank of Scotland Banque Nationale de Paris Saudi International Bank Al-Bank Al-Saudi Al-Alami Limited

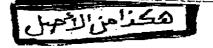
Bergen Bank A/S

Den norske Creditbank (Luxembourg) S.A.

Dresdner Bank AG New York Branch

The Industrial Bank of Japan **Trust Company** 





The prices over the past week were supplied by: Kredietbenk NV: Credit Commercial de Frence; Credit Lyonneis: Commercial de Frence; Credit Lyonneis: Commercial AG: Deutsche Bank AG: West-deutsche Lendesbenk Girozentraje; Bank aG: West-deutsche Lykembourg: Algemene Bank Nederland NV: Kredietbenk Lykembourg: Algemene Bank Nederland NV: Frencon, Heldring and Pierson; Credit Susses/Swass and Smithers; Bank of Tokyo International: Chemical Bank International; Chess Manhatten: Cliticarp Imamational Bank; Credit Commercial de France



When I was invited to take over the chairmanship in 1981, Imps was a famous company but not a fashionable one.

We were a long-established company, which studied the needs of our consumers and worked hard to satisfy them with high-quality brands, fairly-priced. We looked after our employees, ran an admirable pension scheme, were leading sponsors of sport and the arts and held a firm, if unspoken, belief in integrity.

In 1981, these were not the characteristics of a fashionable company – but that didn't worry me.

We were also unfashionable for a more serious reason. In all our markets, at least some of our competitors were more efficient and more profitable. We were failing to keep faith with our owners – our shareholders.

That did worry me.

To some commentators, the conclusion was brutally obvious: integrity, thoughtfulness, respect for others and a concern not only for the next fifty weeks but also for the next fifty years were indulgences no modern and competitive company could afford to retain.

### **Values**

My board and I thought otherwise. We did not accept that improved commercial and financial success could be achieved only by a ruthless disregard for other less measurable values. And so we have shown

Since 1981, all three of our divisions bave achieved returns on capital at or above the level of their leading competitors. Our Brewing division's return is up 43%; Foods up 24%; Tobacco's up 46%.

Since 1981, pre-tax profits have grown at an annual rate of 22%.

Since 1981, our growth in profits has easily outstripped the average growth of those companies that were in the Financial Times Ordinary Share Index throughout the period.

Between July 1981 and December 1985, our share more than trebled in value.

These performances have been achieved with no sacrifice of standards. Such ruthlessness as we employed was confined to the elimination of waste and inefficiency. Our concern for those who make our brands and those who buy them remains intact.

We are now a famous company with famous brands – and doing famously.

### Hanson Trust

The Hanson bid naturally led us to examine the nature of Hanson Trust very carefully indeed.

Our analysis is now complete; and we and our advisers are in no doubt that Hanson would be, in every respect, a singularly inappropriate owner of Imperial.

Jim Slater, an early associate of Lord Hanson's,

said this: "We make money, not things."

At Imperial, we make things; and through things money.

Each approach is legitimate, and each in the short term may generate significant growth.

But they are, of course, two different kinds of growth: and in the longer term, the difference becomes yearly more apparent.

Much of Hanson's profit is <u>bought</u> its growth rate has depended on acquisition. And if that rate of growth is to be sustained, it follows inexorably that acquisitions will have to be ever greater.

If not, deceleration follows; and with it, equally inexorably the growth rating of its share price: the very factor on which the whole process depends.

\*As the <u>Financial Times</u> said in January 1985:
"The logical conclusion of this argument is that the likes of ICI must eventually be swallowed up if the momentum is to be sustained."

In sharp contrast, much of Imperial's profit is grown. To grow profit year on year demands quite different skills and is never easy. There are, however, no in-built limitations.

### Beyond the balance sheet

Even on the most immediate and measurable grounds Hanson's offer for Imperial is almost laughably inadequate. But that's less than half the story.

Companies are complex: they have singular cultures. Much of their value derives from those cultures.

Imperial shareholders have chosen to invest in a singular company with a clear commercial policy: to trade ever more profitably in some of the most enduring consumer markets. That choice is not a sentimental one; it is a calculated judgement made in their own financial interests.

The next stage of Imperial's strategy for growth has been clearly defined. Our agreed merger with United Biscuits is backed by compelling industrial logic; their culture and aspirations mesh neatly with our own.

Between us, we shall be a group of vast resource, able to seize the opportunities for growth we have identified and to provide a highly rewarding future for our shareholders. In our way.

We may never be the most fashionable of companies. But when I remember that the inevitable design of fashion is to fade, I realise that fashion, like Hanson Trust, is something we can get along famously without.

"Lex column comment - 22/1/85.



Anthony Moreton looks at the merger of Dawson International and Coats Patons

# Exports hold the key to success

ALTHOUGH the two sides had talked two years ago about the possibility of getting together, the deal which has led to the merger between Dawson International and Coats Patons was assembled in eight days.

assembled in eight days.
Senior executives from the two companies lunched at Dawson's Kinross headquarters in Scotland, not far from St Andrews golf course, on January 15 and by last Thursday Coats' price had shot up on the stock market as wind of the deal leaked out.

For both it was an amicable For both it was an amicable deal which complements their activities. Dawson, with upmarket trade names such as Pringle, Ballantyne and Barrie,

Pringle, Ballantyne and Barrie, is particularly strong in knit-wear. In the last 10 years it has been expanding aggressively, particularly abroad.

It has recently taken over the American company J. E. Morgan Knitting Mills, which is a leading manufacturer of thermal clothing such as long-johns (a hig market in the US) and the German spinner of hank knitting yarns Kammgarnspinnerei Withelmshaven.

executive chairman.

Despite its great overseas commitments — two-thirds of turnover originates abroad—and high class names such as Jaeger, Country Casuals and Patons it is generally considered to have rather lost its way.

rather lost its way. This might seem surprising for such a large company but Coats together with Tootal were always over. What the City wanted to see from Coats was a dynamic leader of the David Alliance mould running it. With Dawson's Mr Ronald Miller in the chairman's seat the City appears to have got what it someth. have got what it sought.



Mr Ronald Miller, chairman of

American company J. E. Morgan Knitting Mills, which is a leading manufacturer of thermal clothing such as long-johns (a big market in the US) and the German spinner of hank knitting yarns Kammgarnspinnerei Wilhelmshaven.

Coats, with its turnover of just over fibn, is a much larger concern by any standards. Its turnover is about four times the size of Dawson and it has some 42,000 employees against Dawson's 8,000.

But it is also a highly conservative company, until recently family led. Even now a Coats, Sir William, is nonexecutive chairman.

Despite its great overseas commitments — two-thirds of turnover arriginger of company at the top of the world table. With a complined sale of company at the top of the world table.

at the top of the world table. With a combined sales of some £1.3bn, Dawson Coats Patons, as the new company will be called, is not far short of Courtaulds' £1.5bu. Both can now compete on a fairly even footing with the likes of J. P. Stevens and Bur-

lington Industries, two US giants

ingly necessary to milk all the economies of scale to compete with cheap imports from lowave got what it sought. cost suppliers in Third World. To the outside world Coats is countries.

	THE UK'S TEXTIL	E COMPA	NIES		
Name		Price	Market value	Pre-tax prefit	Sales
A 197 s. B 6	Principal activities	(g)	(£m)	(£m)	(fm)
Allied Textile	Textile products	418	45.5	4.2	32,0
Baird (William)	Ciething	425	0.08	11.9	213.8
Coats Patons	Sewing threads	221	611.5	109.8	1,076.0
Corah	Knitted clothing/	•			_,,,,,,,,,
	underwear	55	18.9	3.1	69.A
Courtaulds	Pibres/clothing	202	766.2	+128.2	12,159.9
Dawson Inti.	Knitwear	210	297.6	35.1	265.6
Gent (S. R.)	Underwear/lingerie	66	23.8	1.0	82.8
Readicut Intl.	Specialist textiles	32.5	33.3	4.5	167.9
Tootal	Sewing threads/textiles				
	elothing	<b>81</b> ′	143.6	22.9	435.4
Vantona Viyella	Textile products	446	454.0	21.1	384.8

Unlike the Americans, much of Europe has reorganised to good effect. Despite the toll of factory closures and job losses Ashley has hrilliantly met. the factory closures and job losses Ashley has hrilliantly met. the factory closures and job losses ashley has hrilliantly met. the factory closures and job losses ashley has hrilliantly met. the amuch stronger, much more need for one-stop shopping in many countries and Coats has taken full advantage of it.

Perhaps the secret of the synery between the two compensation industry has emerged. It the fashion world with overise an industry that has geared half its turnover coming from commitments, "Unless you expense the shorter production one-clothes. Coats would almost the sweet sudden certainly like to emulate the vesteries. But hand-knitting in many countries and Coats has taken full advantage of it. runs necessary to meet sudden changes in fashion. The companies have done this

by placing greater emphasis on design and developing names to tease the buyer to part with her (and, increasingly, his) money.

Coats has sought to develop this approach by capitalising on this approach by capitalising on some of the high-quality names in its stable. It not only has some 100 Jaeger shops or outlets in the UK but there are another 60 in North America and a further 20 in lucrative European countries. On top of these, it has some 130 Country Casuals stores in the UK which aim to provide Jaeger-like quality at rather cheaper prices. While size is not in itself a rather cheaper prices.

sine que non of success Western

At the end of last year in a industry has found in increassignificant development Coats significant development Coats bought Jean Muir, one of the UK's leading designers, and her

Ostensibly the aim has been to increased by rights and/or acquisition issues. † USM stock inject an extra fashion boost \$ Unquoted stock. † US cents throughout.

Western industry, particularly into Jaeger. But behind the which is, rather surprisingly, in Europe, was severely hit by move it is more than possible booming. Sirdar is another competent to pull out in 1988-84 —will want to develop Jean Muir In an era of increasing The US industry was also hit, as a competitor to Laura sophistication the attractions of but only in the last 18 months Ashley. It will want stores not just clothes have disappeared. But on the far East.

In the far East.

the fashion world with over commitments. "Unless you exhalf its turnover coming from non-clothes. Coats would almost certainly like to emulate the Welsh company under the Jean Exporting and, in Coat's case, Muir name.

Coats is also very strong in hand-knitting wools, an area head start in this area.

### **DIVIDENDS ANNOUNCED**

	W1414.04			
Current		Corre-		Total last
payment		dlv.	year	year
Berkeley Technology 4.4	March 24	_	6.7	Ž i
Blue Arrow 0.81	· <u> </u>	0.6	1.2	0.6
Courts (Furnishers) int . 1.75	Aril 11	1.75		4.7
	April 1	14		45
Habit Precision 1.15		. รี-	1.75	1.5
Halliteint 3	April 1	3		9.
Hillardsint I	April 4	0.85*	_	2.9*
Marketheath Seesint 0.75†	March 26			9.75
J. Saville Gerdenint 0.8	April 7	0.7	_	2.33*
Securiguard 2.7		2.35	2.7	2.35
Television South 6	_	4	8	a a
Vibroplantint 3.7	March 7	3.3	_	ă
Nividande shoum nemes mer sho	- Areart 1	whare o		-
Dividends shown pence per shar *Equivalent after allowing	e evcehr	ATIETE O	CTLCT M 19	C MALEU.
EVINTARIEM SILEL BILOMINE	TUR SCEL	O 138317P.	T (M	י ופלומים י

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### **TV South** confident of further growth

IN REPORTING better-thanexpected pro-tax profits, up by almost 10 per cent, Lord Boston, chairman, says Tele-vision South is poised and prerote within independent television and to maintain progress in other directions.

He adds however that the
industry must be given the
stability it has sought during
the last few years. He warms
that even limited advertising
on BBC would "tear asunder
the FTV federation." the FTV federation." On turnover up by 12 per

On turnover up by 12 per cent in the year to the end of October 1885 from £99.4m to £111.4m the pre-tax result came out at £8.9m, against £8.1m last time. The market had been expecting a figure between £8m and £8.5m. The company forecast about £7m at the halfway stage.

A final payment of £6p (4p) is being proposed, making the total for the year \$p (6p). Earnings per 10p share (6p). Earnings per 10p share (6p). The company again attained a greater share of industry revenue, than in the past, with net advertising rising by £4 per cent to £97.7m (£91.8m). Programme sales added a further £13.7m (£7.6m) with a large increase in overseas from £80,800 to £6.2m.

Programme transmission costs rose to £63.7m (£54m) and the pro-tax figure was struck exter unchanged administration expenses of £10.4m, Channel 4 subscriptions of £17.5m (£16.3m), IBA rental of £6.2m (£5.9m) and a lower Exchequer levy of £1.4m (£6m) reflecting the additional spending on programmes and overseas sales.

comment

TVS has done well to pre-unce a thoroughly respectable profit in what has been a difficult year for the tele-vision industry. Well pleased with the figures, and with a generous increase in the dividend, the market marked the shares. 6p higher at 172p. The most startling feature of the results is the leap in overseas programme sales—
resulting fre mthe pre-sales
to the US of 32 Grosvener
Street and Murrow—and a Street and Murrow—and a corresponding fall in the Exchequer Levy. While such a performance may not be repeated in the current year, 1924 remaines to be considerrepeated in the current year, 1986 promises to be considerably better for advertising revenue, with TVS's revenue. likely to be up by at least 10 per cent. Meanwhile the company has managed to get its costs well under control —administrative costs were unchanged last year, and the near 30 per cent increase in transmission costs merely reflected a higher level of of £10.5m this year the shares do not look expensive on a p/e of 7 and with a yield of 6.6 per cent.

### Holmes a Court takes Crucible stake

By Terry Povey BELL RESOURCES, the mining and oil investment subsidiary of Mr Robert Holmes à Court's Bell Group, has taken a minority stake in Morgan Crucible. Bell is based in Perth, Australia.

In December, Crucible, the materials technology company, made a \$42m bid for

pany, made a \$42m bid for First Castle Electronics distribution comu still on the table. Dr Bruce

Or Bruce Farmer, Crucible's managing director, said yesterday that Bell had informed him that the 7.1 per cent stake was "an investment, most of which had been bought in the market in the mast week" ist week." Mr Helmes à Court is best Mr Helmes à Court is best known for his aggressive building up of an almost 20 per cent stake in Broken Hill Proprietary, Australia's largest company, with a series of partial bids launched through Bell Resources. His main interest in the UK is ACC. According to Dr Farmer

According to Dr Farmer, his new Australian investor has asked to meet the board of Cruelble when he visits the UK next month. Morgan Crucible's shares closed up 6p at 231p on the Bell Resources anomecment. This values First Castle at 165p in the five for seven share bid. The defence elec-tronics company closed down

BOARD MEETINGS

Interinas: Coweri de Groot, Cray Elec-onics, Finlanz Flogas, Meet Trade uppliers, Mercantile House, Racal

# **Full benefits of** acquisitions will **boost Blue Arrow**

Blue Arrow, which became activities £4,000 (same), and Britain's largest personnel services group during 1985, has beaten its profit forecast with a pre-tax figure of £2.1m for the year ended October 31 1985.

And the current year has for earnings of 14.9p (7.2p) personnel.

And the current year has started well, according to chairman Mr Tony Berry. Early returns, he says, indicate that Brook Street Bureau, acquired last November, will achieve a significant increase in profit, from £1.8m to perhaps £2.8m.
Further development is antici-

Further development is anticipated which will help the group achieve its aim to become a more broadly based service company. The group is listed ou the USM and intends to apply for a full quotation during this year.

The final dividend is 0.8p, on increased capital, for a net total of 1.2p, against 0.6p.

Mr Berry says the year's results include only five months from the Reliance Group—some £750,000—and nine months from the newly formed cleaning group, but do not take in the contribution from Brook Street. Those two acquisitions made Blue Arrow the UK's largest employment group with 170 branches and 850 permanent staff. Its other activities are in business travel and financial services.

Turnover advanced from The final dividend is 0.8p, on

Fre-tax profits compared with authorities can be persuaded to £1.9m forecast and with £411,000 relax the formal requirements. It made in the previous year. Staff would be downright unfair if recruitment accounted for £1.95m they were to deny it a place in (£683,000), contract cleaning the big league because it is two £251,000 (nil), business travel months short of the five year loss £25,000 (£20,000), other record of filed accounts.

share. There are extraordinary charges of £398,000 (£14,000) for

comment

These results pleased the market and the analysts almost as much as they did Tony Berry, whose bullish statements in the past have helped the shares rise to last night's all-time high of 235p, up 13p. This price reflects profits well above the most optimistic forecasts, and the rosy picture that the chairman paints picture that the chairman paints of current trading and prospects. But even the most impartial observer has to agree that there are exciting times ahead. Brook Street looks an even better buy than it did last October, and the aimost effortless rationalisation, with no large write-offs nor branch closures envisaged, is well under way. The current year will see it consolidated for the first time, and wil laiso get a full 12 months contribution services.
Turnover advanced from ti6.81m to £34.12m and was split as to staff recruitment and contract labour £22.29m (£3.88m), contract cleaning travel complicated by yet another paper £4.59m (£3.64m), other activities £96,000 (£59,000), and holiday tour operations nil (£4.23m). Geographically, £33.37m (£16.81m) was earned in the UK and £749,000 (nil) in the US.

Pre-tax profits compared with £11.000 made in the previous year. Staff would be downright unfair if begins to make previous projec-tions of £7m distinctly stingy. Even on that figre, however, the prospective p/e is undemanding at around 13, but this could be

## Launch of £20m trust specialising in USM

BY RICHARD TOMKINS

AN INVESTMENT trust, specia-AN INVESTMENT trust, specia-lising in the Unlisted Securities Market, is to be launched tomorrow through an offer for sale, which will value the com-pany at £20m. It will be called The Throgmorton USM Trust.

The trust will be only the second formed specifically to invest in the USM. The first was the First Charlotte Assets Trust, set up by Ivory & Sime, the fund management group, in May 1981.

The Throgmorton USM Trust will be managed by Throgmorton Investment Management, the investment management group which specialises in smaller com-panies. Its clients include The Throgmorton Trust.

Chairman of the Throgmorton USM Trust will be Mr Hugh

Sykes, chairman of Thermal Scientific, the fast-growing USM thermal technology company. Underwriters to the issue are Morgan Grenfell, the merchant bank, and Hoare Govett, the stockbrokers.

Throgmorton USM Trust's directors say they believe that institutions and private investors will welcome the opportunity to invest in a specialist investment trust which will have a broadly-spread portfolio and be managed by a team of specialists in

smaller companies.

The Throgmorton Trust will transfer a portfolio of its USM investments to the USM trust in exchange for a 29.5 per cent holding. Throgmorton's portfolio comprises 17 holdings with an emphasis on companies in the service sector.

# Securiguard lower but now recovering sharply

Securiguard, the industrial cleaning and security group, blamed difficult trading conditions for a drop in prext-tax profits of almost a third for the ear to October 27 1985. The profit fell from £1.05m to £715,000. The figures for 1984 have been restated to allow for the merger with Consolidated

The company admits that operating posit of £786,000 (£1.0 operating prosit of £786,000 (£1.0m) is below expectations and that prosits have been further hit by incurring bank interest charges of £71,000, compared with interest received of £47,000 in 1984.

Turnover pose from £18.55m

£47,000 in 1984
Turnover rose from £15.56m
Turnover rose from £15.56m
Turnover rose from £15.6m
to £19.86m, but the cost of sales
also rose, from £11.05m to
£13.3m, and administrative
expenses were up from £4.51m
to £5.78m. The company said
demanding insurance requirements on its cash-in-transit
operation had placed a heavy
burden on management and this
division had now been disposed
of.

the difficulties were now over after measures had been taken. particularly improvement to financial controls and credit management. The company was also overcoming its manpower problems in ondon following a review of recruitment strategy, and techniques.

The proposed dividend is up 15 per cent to 2.7p for the year. Earnings per share are 5.4p, against 8.2p.

The board said sales and profits in the current year were ahead of target. The company had won new contracts worth £1.2m in its Mediguard health service division and £2m in its security and cleaning divisions. These would bring a substantial rise in profits this year, it said.

Several new businesses in close circuit television, courier services, providing administration and communication services to the City, and two others— were not likely to contribute to profits this year, but had sub-stantial potential for the future,

# **Habit Precision rises** by 46% and optimistic

Habit Precision Engineering increased pre-tax profits by 46 per cent from £439,000 to £642,000 or the year ended September 30 1985, on turnover virtually 1985 on turnover virtually doubled at £9.49m, against £4.77m.

On prospects, Mr James Mayne, the chairman, says the current year has started well and, with year nas started went and, with substantial cash resources and a strong balance sheet, the com-pany is well placed to anticipate period of growth.

a period of growth.

"We remain strongly committed to the expansion of the group both by organic growth able businesses that will benefit from our positive management style," he adds.

The final dividend is increased to 1.15p (1p) raising the total from 1.5p to 1.75p net, covered 28 times by earnings per share of 5.01p (5.28p).

The company acquired two new operations during the year ——Bryant Symons, a diamond-is february for £310,000 cash, and

the assets of ABC Diamond Tools acquired in August for £269,000 cash, Bryant Symons making a useful contribution to profits during the period.

Commenting on progress, Mr Mayne says all existing busi-nesses performed well with the exception of one of the engineering companies. However, this was more than offset by the contribution of Bryant Symons which performed strongly subsequent to its acquisition.

Mr Mayne also reports that manufacturer of an important new aluminium hard disc product used extensively in the computer industry has now commenced. The company's company's the company's the company's the company's company's the company's t computer industry has now commenced. The company's investment in this product has been assisted by an investment of £1m in Habit by the National Coal Board Pension Fund, which now holds almost 9 per cent of the company's equity and convertible preference shares.

The substantial profit potential of this operation should begin to be realised in 1987, the chair-



The BBA merger is set to revitalise a major UK motorsupplier, reports Kenneth Gooding

# The brakes are off at Automotive Products

**BBA'S RECENT ACQUISITIONS** November 1985—Five small acquisitions worth £2.8m, including Dunlop's solid woven belt business for £1.65m.

August 1985—Uniroyal's belting business in the US for \$13.5m (£9.8m).

DR JOHN WHITE, fresh from working his miracle cure on BBA where profits have doubled in the past year, is now about to turn his attention to Automotive Products — which you might say is in the convalescent stage.

He is thus contributing once again to the badly-needed rationalisation and reshaping of the UK motor components industry.

the UK motor components industry.

Since Dr White, 43, was recruited from Tarmac, where he headed the building materials division, BBA has been transformed — a fact eloquently reflected in the share price, up from 36p in October 1984 when he arrived, to 175p last night. He removed a layer of middle management from the group headquarters at Cleckheaton, West Yorkshire, but each operating company still has the same

West Yorkshire, but each operating company still has the same managing director.

Dr White's approach is to agree realistic targets and budgets with each operating company and Nen make sure that a large part of the managing director's remuneration is geared to results.

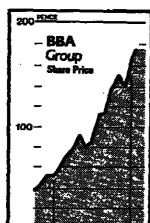
director's remuneration is geared to results.

A colleague said of him yesterday: "He is an acknowledged workaholic, with enormous energy and flair. He has the knack of getting things done without upsetting people."

After the initial middle management shake-up at BBA, Dr White went on the acquisition trail. BBA's approach, according to Mr Ray Mitchell, the finance director, is to "lock for bolt-on opportunities, com-

for bolt-on opportunities, com-

ment and overheads with them." For example, the loss-making North American beiting interests of Uniroyal, which BBA bought for \$13.5m last Augst. immediately became profitable when relieved of their overhead burden. BBA did not have to applicate the management to the profit of the state of the s



den. BBA did not have to enlarge its management to run the new acquisition successfully. BBA had to make more changes following the £15.75m purchase of Cape Industries' vehicle clutch and brake lining operations, a deal which added Cape's Don International to BBA's Miniex friction materials business and made BBA the

June 1985—Synterials, a USM-quoted but Netherlands based manufacturer of precision moulds for £16.3m.
 February 1985—Cape Industries' motor subsidiary, making commercial vehicle clutch and brake linings for £15.75m.
 January 1985—Don International of South Africa a manufacturer of disc brakes and linings for R1.6m.

of automotive friction materials.

This now accounts for more than 70 per cent of turnover. And is part of a UK duopoly in which Turner and Newall's Ferodo is the other player.

Like every sector of the UK motor industry, the three companies Don, Mintex and Ferodo, were suffering from excess capacity caused by the severe decline in UK whicle production.

The five factories in the Don and Mintex operations have been reduced to three, the management has been slimmed—"there were two sales directors, two of everything."

Years of turnover whentay strengths outside the mentary strengths outside the menta

In 1984 both Don and Minter suffered substantila losses. According to Mr Mitchell, last year they both did better than breakeven. That is because we squeezed costs out, not because we were able to put up prices." BBA is a major supplier of friction materials to Automotive Products for use in AP's Borg and Beck clutches and Lockheed

brakes, so the merger provides some vertical integration.

would be government grants to repay.

In the UK motor component aftermarket. BBA has 40 depots while AP operates 92 Antela depots distributing AP and other companies' spares principally to the garage trade, as well as 45 Auto Safety Centres, the largest MOT test organisation in the UK. BBA will try to integrate these operations.

Like BBA, AP has been re-



John White, BBA aging director: "Working managing director: miracles"

ability has meant beavy cuts in the domestic workforce, while the company concentrated on developing overseas markets and high-technology products. But progress towards financial health has been held back by heavy borrowings and interest payments.

AP's technological base is already considerable. Borg and Beck clutches dominate the UK

clutch supplier.

AP :: hnology has been extensively licensed abroad and in 1985 major licences were concluded to supply clutch technology for the Soviet and Chinese commercial vehicle industries.

industries. Lockheed brakes are fitted as Lockheed brakes are fitted as original equipment to vehicles made by Austin Rover, Ford, General Motors (Opel-Vauxhall), the Peugeot-Citroen-Talbot group, Renault and Fiat. AP supplies most Fiat car drum brakes from a new Italian factory.

factory.

The company has a dominant share of the UK market for truck and van steering and suspension equipment and supplies its automatic transmission to Austin Rover, Fiat and Lancia. In the US. AP makes specialised clutch hydraulic actuation systems which are fitted to one in three of cars and light trucks with manual transmissions.

Another AP subsidiary.
Precision Hydraulics, specialises
in flying controls and landing
gear for civil and military air-

craft.
Mr Mitchell says BBA will
"leave the aerospace operations alone for the moment."
The UK motor components industry remains ripe for further tationalisation but Mr Mitchell suggests BBA has no further role to play after the AP acquisition.
But that does not mean BBA to the Monopolies and Mergers Commission.

Gulnness, which last week the Monopolies and Mergers Commission.
Also yesterday the company wrote to its shareholders describing briefly the reasons for the Distillers move. The letter states: "Together, our combined resources and compatability—in management, finance, brands and of the share capital, at a total marketine—will be capable of the share capital, at a total marketine—will be capable of suggests BBA has no further role to play after the AP acquisition.

But that does not mean BBA or Dr White have lost their appetite for further takeovers.

Mr Mitchell said they were looking at five more bid candidates for "bolting on" to BBA's industrial textile business.

It has now bought about 13m bistillers shares, 3.61 per cent management, finance, brands and to cost of more than £70m. The purchases are designed to keep up the price of Distillers shares some of the most famous and to underline that it is serious about the deal, despite believe we can make these the possibility of a reference to brands even more successful."

Inn Leisure and Devenish silent on merger speculation

SHARE DEALINGS were sus- with some 92 jobs being lost at share described by setterday in two companies operating in the West Country. J. A. Devenish, the brewer and Ian Leisure, one of Britain's largest independent operators of pubs and wine bars, amid speculations they were holding merger talks.

Neither company would comment yeslerday on whether merger talks were taking place but both said independetly that a further announcement was

a further announcement was pending.

Devenish, a 26 per cent stake in which is held by the Whitbread Investment Trust, has recently re-organised its production facilities concentrating tion facilities concentrating activities on its Redruth brewery

The company, with some 350 public houses, is heavily dependent on the tourist trade and last year's poor weather depressed profits. Pre-tax profits for the year to September 27, 1985 were £1.87m (£2.06m).

1985 were £1.87m (£2.06m).

Inn Leisure, a USM-quoted company, has more than 40 units in the West Country, London and Midlands. The company increased full year pre-tax profits to September 1985 by 68 per cent from £954,000 to £1.61m. Inn Leisure was suspended at 113p and Devenish was at 645p, valuing the companies at £29.7m and £24m respectively.

### Guinness buys more Distillers

### **Atkins Bros. receives** approach from Lincroft

panies we can add to what we've business and made BBA the got so we can share our manage- largest European manufacturer

Atkins Brothers (Hosiery), turnover of £14m, has diversified the textile and electronic equipment group, has received an approach from Lineroft Kilgour, the cloth merchanting and portfolio investment group, which could lead to a bid for the

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in recent years out of its tradi-tional hosiery and knitted garments business into elec-tronic equipment, which now accounts for about 40 per cent of its profits.

could lead to a bid for the company.

Atkins' shares rose sharply on the news yesterday to close at 188p, up 30p on the day, giving the group a market capitalisation of £7m. Lincroft already arbitrageurs, including American Mr Jeffrey Steiner, who last October lifted his stake in the company had not been impressed so far by what it had heard from Kilgour. "No sensible price has been discussed," it added.

Atkins, which reported pre-tax profits of £275,000 last year on turnover of £8.17m, has attracted the support of several arbitrageurs, including American Mr Jeffrey Steiner, who last October lifted his stake in the company to 24.5 per cent and joined the board. Some 8 per cent of his holding came from Mr Peter de Savary, the financier and yachtsman, who still holds a stake in the group. In 1984 Lincroft fought off a bid from John Finlan, the construction group.

### **Premier stake in Goal**

oil company with a 5 per cent holding in the onshore Wytch Farm field.

industry.

Goal launched a deeply discounted rights issue in Decem-

Premier Consolidated Oilfields, ber. ERIC earlier this month the independent British exploration company, yesterday emerged market to a mystery buyer, now as the holder of a potentially key believed to be Premer. The 11.5 per cent stake in Goal 11 per cent stake could put it Petroleum, a small independent in a position to take control.

oil company with a 5 per cent Mr Roland Shaw, chairmain of oil company with a 5 per cent holding in the onshore Wytch Farm field.

Morgan Grenfell and Energy Recovery Investment Corporation, which jointly own 41 per cent of Goal's equity, are thought to be thinking of offering their stakes to hids from the oil orice. Premier hought its industry.

Mr Roland Shaw, chairmain of Premier, said it had no immediate intention of increasing its holding but was "following the situation of the company with continuing interest." Goal had been selling at exaggerated discount to asset value, far beyond that justified by the fail in the oil orice. Premier hought its

### COMPANY NEWS IN BRIEF

HANSON TRUST has extended company recently brought back its f1.8bn takeover bid for to the market following a reverse to the market following a reverse take-over by a property company recently brought back to the market following a reverse take-over by a property company, yesterday announced that Mr and Mrs Peter Clowes had Mr and Mrs Peter Clowes had Mr and Mrs Peter Clowes had taken a 7.2 per cent stake. Mr date. The low level of acceptances had been expected, particularly since the Government has yet to decide whether or not to refer to the Monopolies' Commission both Hanson's bid and Imperial's rival plan for a companies. covering only 0.53 per cent of its share capital by the first closing date. The low level of acceptances had been expected, particularly since the Government has yet to decide whether or not to refer to the Monopolies' Commission both Hanson's bid and Imperial's rival plan for a merger with United Biscults. An announcement is thought likely early next week. Hanson yesterday pointed out that its one for three scrip issue had now been

companies. EVERED HOLDINGS, the engineering company with a 20 per cent holding in TI, yesterday announced the appointment of a day pointed out that its one for amounced the appointment of a three scrip issue had now been agroup treasurer. He is Mr Will effected, and because of this the. Spinney who has joined the comterns of its offer for Imperial are now 8 Hanson ordinary and \$\frac{15.96}{250}\$ nominal of \$\frac{9}{250}\$ per cent convertible unsecured loan stock for every 15 Imperial. The value of that it is continuing to build up the offer is unchanged. the offer is unchanged.

It is communing to build up strength in depth on its board. It hopes in the next few weeks to appounce a new director with the textiles and financial service. a background in the City.

Raeburn Investment Trust ple

● 16th consecutive annual dividend

increase Total resources at record level

"The company's objective is to obtain an above average total return from a combination of capital gain and dividend income. If approved, the total dividend for the year would represent an increase of 65.4% over the last five years which compares extremely favourably with the increase of 38.1% in retail prices."

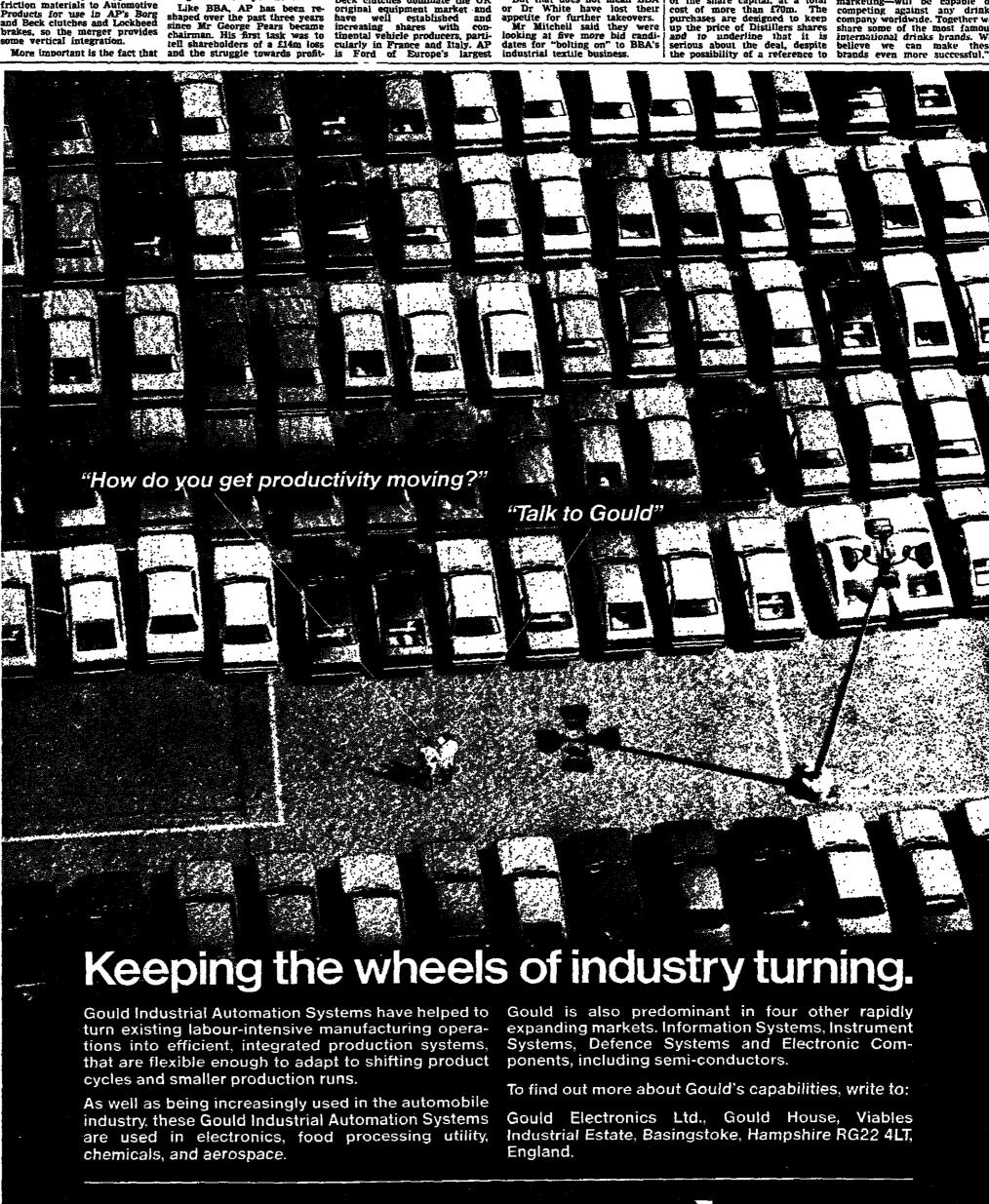
Mr. S. G. Brooksbank FCA, Chairman

30.11.85 30.11.84 Results:-£4.8m £4,6m Gross revenue 9.91p 9.45p Earnings per share Proposed dividend for year 10.50p 9.50p per share 387.1p 424.0p Net asset value per share £116.4m £108.9m Total resources

Copies of the Report and Accounts are available from The Secretaries: Lazard Brothers & Co., Limited

21 Moorfields, London EC2P 2HT

A MEMBER OF THE ASSOCIATION OF INVESTMENT TRUST COMP





# Associated Newspapers Holdings p.l.c.

The 1985 Annual General Meeting of Associated Newspapers Holdings p.l.c. will be held on Tuesday, 18th February 1986 at 10.30 a.m., in The Stock Room, Stationers' Hall, Stationers' Hall Court, Ludgate Hill, London E.C.4.

Group Profit and Loss Account

	Year ended 30th September 1985 £m	Year ended 30th September 1984 £m
Turnover .	424.5	357.8
Trading profit	30.9	18.8
Share of profits of related companies	4.1	1.2
Income from other fixed asset investments	4.4	3.0
Net interest receivable	1.6	1.7
Profit from sale of property	1.7	~
Amounts written off investments	(0.8)	,(1.3)
Profit before taxation	41.9	23.4
Taxation on profit on ordinary activities	<u>(17.4)</u>	<u>(5.3)</u>
Profit on ordinary activities after taxation	24.5	18,1
Interests of minority shareholders	(1.3)	(1 <i>.</i> 2)
Extraordinary items	<u></u>	<u> 17.9</u>
Profit of the Group for the financial year	23.2	34.8
Dividends	(5.2)	(4.3)
Transfer to reserves	<u>18.0</u>	30.5
Earnings per share	76.2p	55.6p

Chairman's Statement to be presented to the Annual General Meeting.

RECORD PROFIT

The Group achieved a record profit before toxicition for the year to 30th September, 1985 of £41.9 million which is £18.5 million higher than that for lost year and reflects a number of improvements in trading which have taken some years in coming to truttion.

Rocing increasingly flerce competition the Daily Mail continued to mointain fully its established hold on the vital meddle mortest readership. It achieved substantial gains in

THE MAIL ON SUNDAY

The Mail on Sunday had a slight increase in alrealation against a general fall in the market. Advertising revenue increased by one third. With these increases in revenues and considerable economies in the cost of printing the magazine there was a very significant imp roding results at this newspaper.

THE LONDON STANDARD

Results improved lost year, the newspaper having maintained its circulation and achieved some growth in

Since the year end the Group has acquired the entire ownership of the London Standard. This should result in a considerable improvement in its profitability.

PROVINCIAL NEWSPAPERS

in a reversal of the trend of recent years, this year's trading profit from Northcliffe Newspapers, the provincial group, was marginally down overall when compared with the previous year. The fall was attributable entirely to the four week long dispute with the NGA in late spring.

This wasteful interstution reside the rest of the florencies Ints wosterul interruption asde, the rest of the financial year suw both odvertising volumes and circulation sales up in the majority of titles. West country newspapers in particular saw some impressive circulation increases: the Heradic Express, the evening newspaper of Torquay, was 6% up while the small weekly Twenton Gazette reported or remarkable 21% increase in paid-for capies. Both of these littles existent the learness describes Times constitient from titles achieved the increase despite lively competition from

Northclittle is a large publisher of trees. This aspect of its trading was developed further by the acculsition of the Newcostle Advertiser Series with a verified distribution to 189,000 households in North Statfordshire and South

The group has benefitted from the continuing modernisation programme. Recent investment in new premises and plant at Derby and Lincoln has enabled both doily newspapers to introduce registra title colour for editorial and for advertising. Lincoln in particular has done some planearing colour printing for local property othersteen.

Colour will also be available shortly to the Evening Sertlinel, Stoke-on-Trent. The development of the new plant and offices at the Sentine's Etruria site continued throughout

During the year plans to up-grade phototypesetting system of a number of centres were inaugurated and these new systems will gradually come into use.

MAGAZINES

Weekend Mogazine, in a very difficult market, confinues to make a useful contribution which is belon entranced by the

The Field, which was relaunched in Autumn 1984, has still to achieve the targets which have been set and considerable effort is being devoted to provide a firm basis

Ght About flown magazine had a highly successful year taking null advantage of improved buoyancy in the recrustment and consumer advertising markets. The quality of the magazine was demonstrated by the witning of several awards for editorial and photographic exce

INTERNATIONAL PUBLISHING

The 13-30 Group, Inc. The 13-30 Group, inc. has continued the expansion of its publishing business, which involves the initiation and delivery of advertising programmes required by some of Amenca's largest companies. Revenue growth approaching 50% was always mached by growth in net profits. During the year, the Group's inferest in The 13-30 Group, inc. was increased in 195 13-30 Group, inc. was increased in 195 13-30 Group. used by 18% to 80% at a cost of US \$22.6 million i has been substantially funded by a limited recourse

Escutire Magazine Group, Inc.,
During the year, the Indirect holding in Esquire by the Group
through The 13-30 Group, Inc. became a direct one, so that
the Group now holds a quarter interest in Esquire Magazine Group, Inc. A further substantial advance in reve 31% was achieved, helped by developments built on the magazine base and resulting in an encouraging upward

The American Lawyer

notify angoged in mergers and acquisitions. activates include the conduct of serators and the tion of a law firm management guide. The magazine's advertising revenues increased by 40% over the previous year, and readership in the magazine's primary audience, large law firms, remained at a high level.

Euromoney Publications had another very successful year with both revenues and profits well ahead of the previous

Euromoney's prestige and circulation continued to rise. The

Euromoney Currency Report, the International Financial Law Review, the Trade Finance Report, the Bonk Report, and the Corporate Finance Report were all profitable and ccessful, adding to the company's excellent export

Euromoney has become a world leader in the provision of cargariousy is enouvaed for the accuracy and completeness of tax dark and is renowned for the accuracy and completeness of its databases on the international capital markets. This data is also used for more specialised computer arientated products such as the Euromoney Capital Markets Guide, and Euromoney Bandware, a database system on the

Euromoney Software has been launched to supply financial institutions worldwide with high quality software that is

Euromoney Conferences and Seminars had a successful vear. Conferences were held in Landon, Australia. year. Commences were near in languar, Australia, Luxembourg, and China. Opening our Conterence in Belling, which Euromoney held in parimenship with the Bank of China, Prime Minister Deng Xiaoping, described it as "an epo

Euromoney's Book Publishing Division has published  $\sigma$  number of exciting new fittes and maintained a high level of soles and profits.

NORTH SEA OIL AND GAS

NORTH SEA CIL AND GAS

The Esmand Development, consisting of the Esmand, Forbes and Gardon Gas Fields, in which the Group has a 121% interest, delivered its first gas to the British Gas Carporation in June 1985. The development was completed and advisoring at this commercial rates by the beginning of October 1985, with the tying in at thirteen production wells. The short first-score in delivering first gas within thireen months of receiving Department of Energy approval, and cast performance in relation to pre-set budgets, were noticeable features at the development.

Financing was largely provided by a \$44 million limited recourse loan facility arranged with a consortium of banks. The combined recoverable gas reserves of these Fields are estimated at 580 billion cubic test and revenue from the development is expected to make a significant contribution to profits in future years. Sales of gas made only a minor contribution in this current water. contribution in this current year.

With the introduction of the inner Field and the successful implementation of gasish and water injection projects on the Argel and Duncon Fields respectively, in all of which the Group's interest is 12/3%, production of all was increased by 29% over the previous year to 92 million barrels. Falling US dollar prices for all reduced the Group's all revenue growth to 20%. The Group's share of the current estimate of employed reconstruction of several productions. remaining recoverable reserves on the Argyll, Duncan and Innes Fields is 1.7 million barrels.

The implementation of the above projects will, with production from the kines field, help to sustain the overall production level as will the completion of a new development well on Argyll during the year under review. Further development chilling will continue within these Fields so as to maintain their life for as long as is

Five approlate water. Five appropriate during the course of the year on the Bruce discovery in order further to define the magnitude and likely commercial recovery of the reserves. The evaluation of development aptions and commercial discussions with prospective purchasers and transporters of the production streams arising from this gas/condensate reservoir have been progressed by the Group and its Partners.

The Group has continued with its exploration programme ine eroup has commissed with its experience programme on its portfolio of careage, which was increased by the award of Offshore
Licensing. An encouraging find in Block 30/18 where the Group has a 6.25% interest has been confirmed since the year end and the appraisal continues of Block 43/28, where a one discount that manufactures. where a gas discovery was reported last year.

The Group has continued its policy of recruiting the appropriate personnel to manage its expansion and is participating in the First Onshare Licensing Round in the UK.

DIVERSIFIED INTERESTS

Property
A new asice building at Tunbridge Wells, completed in November 1984, was sold at a substantial profit. in Lincoln, a 34,000 sq ft shop development is being built on the site recently vocated by the Echo. This is due to be completed at the end of 1986 and will comprise eight strop units on the around floor with further retail accommodation

units on the ground floor with further retail accomm and ancillary space on the first and second floors. The reconstruction of Talkis House in London has now

Our property development subsidiary has completed the construction and letting at its third affice development in the Brentland area. Most of the properties managed by this company are now let as a pre-requisite to sale.

**Building and Related Industries** more registrate control extensions and glass he building controlling, lighting manufacturing and glass bending companies, despite competitive trading conditions, mainfained steady progress. The other companies in the glass industry together with the builders merchanting company showed a stight decline. Idean together, these companies achieved record profitability.

Activities of the exhibition company continue to expand and The ideal Home Exhibition in 1985 was again successful. The Coroven and Camping Holiday Show is well established and panicipation with the National Caravan Council in stoging this event is of continuing mutual advantage. Control of exhibition costs is being archieved by providing as many of the services required as possible in house.

Wharfage and Storage Earnings tell from last year's record level, reflecting growing competition within the industry and unnecessary duplication of part localities in various parts of the country. Measures are being taken to counter triese pressures.

severance arrangements. The Group's involvement with the handling of forest product goods remains family

Cab and Transport Group

its from our taxi trade showed a substantial improvement despite continuing difficulties with the FXAR tool. This model has finally been replaced by the manufacturer with the FXAS and resumption of a normal feet replacement is envisaged in the coming year.

Profits from our service stations have been helped by increased margins on the sale of fuel. Construction of a toxi park and driver's club at Paddington Station is now tolding place and an adequate return is expected from this development.

Further setting up costs following the introduction of new tranchises his othe transport business caused a toil of profits which has been offset by an increase from the allied engineering activities.

There has been some slight degree of recovery in the LIK reproduction furniture business. Vigorous action has been, and continues to be, taken to improve margins.

Market Research

The market research companies in the Group completed one manet research companies in the Group completed another successful year with increases in turnover and profit. New services have began well and continued expansion is expected. A rapidly growing sector of the market is in computer assisted releptions interviewing which requires substantial investment in computer technology. These companies are in the foretrant of this development.

levision and Video Limehouse Television Studios, in which the Group has a 17% interest, has established a considerable reputation for rision work in a very corruet The company has not yet achieved profitability but the growing requirement for video and film products provides

Southern Television continues to sell programmes made whilst the company held the Southern TV area tranchise and it had a highly successful year.

The Group retains its substantial direct interest in Reuter Holdings plc which, at 30th September 1985 comprised Hourings pic which, or 30m september 1985 comprised
4.7% of the Wishares which it holds as a newspaper
proprietor, and 6.0% of the listed B shares. The occursition
of the London Standard has increased these direct interests
to some 6.8% of the Wishares and 7.7% of the B shares.
The mortest value of these holdings of 30th September
1985, allowing a discount of 20% for the limited
marketability of the X shares, was £91.3 million.

The Group has an interest of 23.8% in The Bristol Evening The Group has an interest of 23.8% in The Bristol Evening Post pic and a direct interest of 25.7% in that company's subsidiary, Bristol United Press Limited, in the year to 31st Morch 1985 the Bristol Evening Post group increased profits before tax by 18% to 62.9 million whilst the sole of port of its haldings in Reuters Haddings pic produced an extraordinary credit of 50.7 million. The Group's share of profits of these companies totalied £1.6 million compared to 50.7 million last year.

The Group through its subsidiory, Bouverle Investments Limited, has a 14.8% holding in Consolidated-Bathurst, inc., the forest products and packaging arganisation that inc., the forest products and packaging arganisation that ranks among the 30 largest publicly-owned manufacturing companies in Canada. The indicated value of this investment at 30th September 1985, based on the quoted share price, was £59.9 million. Dividend income of Bouverle investments totalled £2.8 million compared to £1.9 million last ven.

in November 1985 the Company agreed to exchange its unlisted mitnority holdings in two Australian television companies for listed shares in The Heroid and Weeldy Times Limited, which had a value of £10.6 million.

As a result of this exchange, the Group has a holding of approximately 2.8% in this company, which has major investments in the Australian newspaper, printing and television in this state.

**PENSION FUNDS** 

Once again the Trustees were able to increase the pensions being pold to our retired employees by 5 per cent. New actuallot valuations of the Fund are due to be made as at

On your behalf I wish to thank the staff for their achievements in a difficult year and for their loyalty and hard work which are Indispensable to the Group's progress.

OUTLOOK

The Group continues to expand steadily its activities worldwide, chiefly in the United States of America. It is now apportune to commit the Group in the United Kingdom to a significant re-development over the next three years involving the re-organisation of production facilities required to print its notional newspapers. This endeavour is planned to match changes in marke needs and at the same time be established on sound business lines in order to justify such an investment in a competitive environment. These changes will involve a considerable reduction in the workforce employed and

consultations have taken place over many months to

octaieve on understanding of the issues in towards implementation continues.

Associated Newspapers Holdings p.l.c., New Carmelite House, London E.C.4.

# **UK COMPANY NEWS**

# Vibroplant half-time profit advances 29%

and the state of t

The winter period must always caution the outlook for the second half, they say, but trading since September has been satisfactory. In view of the

Turnover for the half year rose by 5.7 per cent, from £10.38m to £10.97m. In the UK demand for general plant has been encouraging and all the specialists divisions have contributed to the improved performance. However, severe price competition has per-sisted despite evidence of a greater workload in certain • comment

After tax of £782,000 (£652,000) and minorities £11,000 (£7,000) the attributable profit turns out at £1.16m (£859,000).

A NEAR 29 per cent increase in profit. Florida Hi-Lift, where the profit, from £1.52m to £1.95m, interim profit reached £181,000 in plant hire turnover alone is nearly £1m. Some £800,000 of this level of the six months ended September 30 1985. And the directors anticipate sustaining the performance should be main achievement in view of the progress for the year as a whole.

The winter period must always long-term prospects in the US, caution the outlook for the second that outlook for the second that

caution the outlook for the second half, they say, but trading since September has been satisfactory. In view of the improved result they are lifting the interim dividend from 3.3p to 3.7p net. Earnings came to 19.37p (14.31p).

Turnover for the half year rose by 5.7 per cent, from £10.38m to £10.97m. In the UK demand for general plant has been en-

increased spending on new plant, but with the winter weather proving favourable so far and the Florida operation performing well, at least £3m is in sight. The shares welcomed the brighter prospects with a 26p surge to 238p, but on a tax charge of 40 per cent they still look motestly rated on an earth-

sectors.

Vibroplant's previous first half charge of 40 per cent they still

The directors are particularly included a residual £360,000 of look modestly rated on an earnpleased with the progress of turnover from the ill-fated V.L. ings multiple of 8.

# Hillards set for profit increase

of consolidation for Hillards, the West Yorkshire based supermarket operator, and will be affected by the opening costs of new stores, the directors state. However, they are looking for a chieffents invented in 1978. new stores, the directors state. However, they are looking for a satisfactory increase in profits over the £7.73m recorded for 1984.85.

Mr Peter Hartley, chairman, says he is confident that benefits of the continuing development programme—capital expenditure this year will be in the fifm-fism range—will be reflected in future growth of turnover and profits.

Reporting for the interim stage—the 28 weeks ended November 9 1985—Mr Hariley said sales were difficult and remain so. They rose 6.9 per cent to f140.74m, including VAT, of which same 4.4 per cent can be attributed to inflation and 2 per cent to the impact of new tsores at Scunthorpe, Lincoln and Scarborough which added a net interior of the pressures of expansion a little wearing on the profits given the very modest in the pressures of expansion a little wearing on the profits given the very modest in the pressures of expansion a little wearing on the profits given the very modest in the profit is the profit of the profits given the very modest in the profit is the profit of the profit is the profit in the profit is the profit in the profit is the profit in the profit is profit in the profit came to 2.64m (5.35p). The intering dividend is raised from a scrip adjusted 0.85p to 1p net at a cost of the profit is profit in the profit in the profit is profit in the profit in

Equipu

higher at

£655,000

Equipu, the office equipment group, raised pre-tax profits by 14 per cent from 2573,000 to 2655,000 for the six months to October 31, 1985 and the com-

pany is looking for a substantial increase in the full year result over last year's record £1.4m.

Mr P. G. Bradshaw, the chairman, says the interim figure is in line with his expectations expressed at the AGM, when he indicated quiet trading in the first quarter. The second quarter showed a marked improvement in most and further crowth in

in profits and further growth expected in the second half.

Turnover for the first half

jumped to £11.01m (£5.64m), of which a significant part was due

to Purdie and Kirkpatrick. This company has traditionally made

the greater part of its profit in the second half, and accounts for the group's lower profit

The chairman believes that improved results from existing

group companies, together with first time contributions from

recent acquisitions, Equipu-Data, Computer Supplies (Holdings) and Oxford Software, should result in a substantial improvement in the full year outcome.

After half-year tax of £292,000 (£230,000) net profits were £20,000 higher at £363,000. Stated

£20,000 higher at £363,000. Stated earnings per 10p share fell from 7.58p to 5.14p. But because of the pattern of leasing, the effective tax rate will be considerably lower over the full year than that indicated at the interim stage and this will be fully reflected in the year's earnings ner share figures.

The net interim dividend is stepped up from 1.4p to 1.6p—costing £113,000 (£82,000)—last year's total was 4.5p.

Samuel Heath

under pressure

Margins came under continued pressure at Samuel Heath & Sons, giftware and hardware manufacturer, in the half year to September 30, 1985. Although turnover was higher at £247m, against £2.11m, pre-tax profits fell from £125,000 to £104,000.

After tax of £42,000 (£56,000) earnings per 50p share slipped from 20.9p to 19.8p.

The directors say the three months Christmas trading period was good in Europe, but

disappointing in the US, and uncertainty remains over the last quarter of the current year. They say it is therefore very difficult to predict the full year results.

The Perkomatic door closer

was successfully launched in September, but the directors feel it will not materially affect the results for the current year.

The company does not pay interim dividends — last year a single 23p net was paid on £325,000 pre-tax profits.

LADBROKE INDEX

1,137-1,141 (+16) Based on FT Index

Tel: 01-427 4411

per share figure.

margins

Mr Hartley says the group incurred substantial additional

borrowings to finance the acquisition and development of new Net borrowings at the end of

the half year had risen from 5.4m to £13.3m. After tax £1.14m (£970,000) the net profit came to 2.64m (£2.63m) for earnings of 5.37p (5.35p). The interim dividend is raised from a scrip adjusted 0.35p to 1p net at a cost of £492,000.

Scarborough which added a net per cent volume sales growth off the hig 81,200 sq ft to selling space. achieved in this half — in spite when take Operating profit rose by 11 per of a post miners strike recovery the sector.

element that should have boosted turnover for this Yorkshire and North of England based company. The solution found has been to capitalise the interest costs of acquiring and developing new stores. Without such help pre-tax profits would have hardly increased at all in this last half against the comparable period of 1984. For the full year the deferred interest payments (net of tax) will payments (net of tax) will reach some £400,000 — in 1986-1987 the total could be as much as £1m. Hillards will be writing off these capitalised sums over, at most, two financial years, that is as 5000 at the new stores. at most, two financial years, that is as soon as the new stores have opened. For the year £8.5m (which could look like £9m with the benefit of the deferred interest payments) looks possible, which has the shares — 8p down at 170p — on a prospective multiple of 14 given a 30 per tent tax charge. Flattish sales and earnings prospects have pulled the shares off the high of 226p reached off the high of 226p reached when takeover fever gripped

# **Courts profits lower** at £2.1m in first half

AS FORESHADOWED, results of was opened in Canterbury, and Courts (Farnishers), house furnither out-ture retailer, were adversely lets will be open before the end affected by a number of factors including the strength of sterling, Directors add that in some high interest charges, and the cost of establishing new opera-

For the six months ended September 30 1985 turnover slipped from £42.53m to £41.82m while profits at the pre-tax level fell to £2.13m, compared with The directors point out that but for the adverse effect of exchange rates on results, both turnover and profits would have

mapred favourably with those

Mauritius, while additional stores of £527,000 last time, and were opened in Fiji, Januaica minority interests of £121,000 and Papua New Guinea. (£147,000) the available balance In the UK directors say that In the UK directors say that came through at £1.14m third, out of town superstore (£870,000).

perty investment, more than offset a fall in metal trading and processing and left the taxable result of J. Saville Gorden Greap ahead at the interim stage by

been as buoyant as they would have wished and this has been exacerbated in certain cases by the exchange rate situation.

After tax of £872,000 (£1.08m) earnings per share are shown as 5.1p (6.4p) on a net basis, while the interim dividend is maintained at 1.75p—last year's final payment was 2.95p from taxable profits of £7m.

countries turnover and profits in the second half have not so far

Pre-tax profits were struck after higher interest charges of £1.18m, against £933,000, but During the current year, included deferred profits of factor countries, Antigua and Mauritius, while additional stores were opened in Fifi Jarraia.

Saville Gordon ahead by 10%

10 per cent.
Turnover for the half year
ended October 31 1985 expanded
from £15m to £16,81m and profits mounted to £1.13m, against

fl.02m.

The pipeline division lifted sales and profits by 49 per cent and 87 per cent respectively, to fr.95m (f5.34m) and f5.22,000 (f3.22,000). The directors say there has been a reasonably became level and former than the first term of the fi

A BOOST in profits from pipe-line equipment and stockholding, helped by an increase from pro-been recently completed. perty investment, more than Sales in metal trading and pro-Sales in metal trading and pro-cessing fell 10 per cent to £8m while profits declined by 16 per cent from £452,000 to £378,000. Property investment improved profits from £659,000 to £761,000 and is performing to plan, the directors say.

Pre-tax profits were struck after bank interest, up from £420,000 to £635,000. Tax charge was higher at £422,000, compared with £312,000.

The net interim dividend is, in effect interimed to \$2.50.50.

£7.95m (£5.34m) and £622,000 in effect, increased to 0.8p (0.7p (£322,000). The directors say equivalent) per share — last there has been a reasonably year's adjusted final payment was buoyant level of demand in many 1.625p paid from profits of £2.3m.

### Guinness Peat seeks to unlock Britannia

GUINNESS PEAT, the banking and investment group which earlier this month failed in its £280m bid to take over Britannia Arrow, said yesterday that it was anytons to unlock the staleanxious to unlock the stale-mate surrounding Britannia's

future ownership. The bid failed after fierce The bid failed after fierce opposition from a concert party of Britannia Arrow shareholders, led by Mr Robert Maxwell, publisher of Mirror Group Newspapers. After a 68-day battle, Guinness Peat conceded defeat but it has been left with a 25.5 per cent stake in Britannia which, with convertible loan stock, could take its stake back up to 29.9 per cent.

per cent. Mr Maxwell's party, includmr maxweil's party, including MIM, the investment subsidiary of Aetma Life and Casualty which is run by Mr David Stevens, was left holding 29.4 per cent of Britannia.

Britannia.

Following publication yesterday of Guinness Peat's annual report for the year ended September 30, 1985, Mr Alastair Morton, chief executive, said the group could afford to await developments patiently over the coming months but that it would like to reach agreement with other parties, present or to come, before too long."

too long."

Mr Morton, who emphasised that Gninness Peat was "sitting on a large, unrealised profit," said that he had held talks with Mr Maxwell. Mr Stevens and with Aetna Life. "I have yet to hear from anyone who believes he is about to unlock the situation or who knows how it will be unlocked. We can move out at any time but the Takeover Code prevents us from moving in."

Merger preferred

Mr Morton, who repeated earlier claims that the 150p cash offer sought by Britannia was "simply not justifiable," added: "Our attitude remains the same. We would perefer to be able to merge with Britannia, but without crippling ourselves on the terms of any such merger."

He queried whether Mr Maxwell, who was personally carrying the £34m costs carrying the £34m costs involved in acquiring his Britannia stake, was a long-term shareholder and also

questioned the likelihood of Mr Stevens' continuing interest. Mr Morton said that Guin-ness Peat had set its mind on building a net worth of around £250m. The purchase of Britannia would have given the group a net worth of over £300m, against the present figure of nearly £130m. If the shareholding in Britannia was now sold, Guinness Peat would be worth around £150m, with debts at zero, "We would

be stronger but smaller," he added. Guinness Peat, which has spent the last four years recovering from serious losses, reported pre-tax profits of £17.58m in 1984-85, against £10.51m. Profits after tax rose from £7.8m to £13.23m and from \$7.8m to £13.23m and shareholders funds were ahead 77 per cent to £126.7m. Earnings per share increased to 5p and the dividend lifted from 1.4p to 1.9p.

Mr Morton reaffirmed the group's intention to build a breadly become.

broadly-based, specialist financial services group, but financial services group, our not by emulating the large-scale securities dealing firms now being created. The acquisition of a fund manageacquisition of a fund manage-ment business remained a priority. He forecast "pure terror" up until the end of 1987 for participants in the "Big Bang" and predicted that the realiting shake-out would "do a great deal of damage."

### Hanson Overseas Finance B.V. (incorporated with limited liability in the Netherlands)

### NOTICE TO THE HOLDERS

of the 9½ per cent. Convertible Guaranteed Bonds Due 1996 of Hanson Overseas Finance B.V. ("the Bonds") **GUARANTEED BY** 

and Convertible into Ordinary Shares of Hanson Trust PLC.

On January 14, 1986, Hanson Trust PLC ("Hanson Trust") made a capitalisation issue of Ordinary Shares of 25p each in its capital. Such new Ordinary Shares were allotted and distributed credited as fully paid up to the holders of Ordinary Shares of Hanson Trust on the register at the close of business on January 10, 1986 on the basis of one such new Ordinary Share for every three Ordinary Shares then held by such holders. In accordance with the Terms and Conditions endorsed on the reverse of the Bonds the Conversion Price applicable thereto falls to be adjusted as a result of such issue.

Notice is accordingly hereby given to the holders of the Bonds that, in accordance with the said Terms and Conditions, the Conversion Price has been adjusted with effect from January 14, 1986 (being the date on which Ordinary Shares of Hanson Trust were allotted pursuant to such capitalisation) and is now 29p per share.

The new Conversion Price applies to any conversions of the Bonds made on or after January 14, 1986.

Hanson Trust PLC

London, January 1986

CONTINUED OVERLEAS

### FT COMMERCIAL LAW REPORTS

# Final trust fund distribution to employee is taxable emolument

BRAY (HM INSPECTOR OF TAXES) v BEST Chancery Division (Mr Justice Walton): January 20 1986

A CAPITAL payment from the final distribution of a trust fund which existed over rust tung which existed over several years for the benefit of a company's employees is taxable as an emolument from employment for a "chargeable period," to be ascertained having regard to farfors taken into account factors taken into account by the trustees in calulating the final allocation.

Mr Justice Walton so beld when allowing an appeal by the Revenue from a Special Commissioner's decision that sums paid to Mr Peter Morris Best on final allocation of a trust fund were not taxable as emoluments for any chargeable period.

Section 181(1) of the Income and Corporation Taxes Act 1970 provides that tax under Schedule E "... shall be charged in respect of any employment on emoluments which fall under one ... of the following cases—Case 1: ... any emoluments for the chargeable period ..." Mr Justice Walton so beld

Case 1: any emoluments for the chargeable period ..."
Section 183(1) defines "emoluments" as including "all salaries, fees, perquisites and profits whatsoever."

HIS LORDSHIP said that in 1957 A. Gallenkamp and Co estab-lished a trust scheme under which shares were held for the

which snares were being for the benefit of employees.

In 1961 the trustees acquired more shares which were hived off from the main fund and became subject to a separate trust deed for the benefit of employees came subject to a separate trust deed for the benefit of employees with 10 or more years' service.

In August 1977 Gallenkamp became a wholly-wined subsidiary of Fisons, and on April 1 1979 its employees were transferred to Fisons. In anticipation of the transfer the two trust deeds were varied on March 15 1979 to provide for termination of the trust periods.

There were three distinct of the distinct of the trust periods.

The Special Commissioner appeared to have regarded the extreme difficulty of apportionment as being conclusive. That was not correct.

The matter was a pure question of fact. The evidence might well have contained matters which threw light on the difficulty of apportionment as being conclusive. That was not correct.

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The matter was a pure question of fact. The evidence might well have contained matters of the full have contained matters on the full have contained matters of the full have contained matters of the full have contained matters on the full have contained matters of the full have contained matters on the full have contained matters of the full have contained matters of the full have contained matters on the full have contained matters of the full have contained the full have contained the full have

periods in the life of the trusts. The first was from their inception till August 1977, when Gallenkamp became a Fisons subsidiary. The second was from the end of that period till April 1 1979, when Gallenkamp employees were absorbed by Fisons, and the third was after April 1 when the final distribution took place.

that of reward for services.

The third case he cited was if in effecting that calculation they considered the total length of service of the employee, that was outly have a distinct bearing on the period of apportionment. The period of apportionment was parallel to the present situation, when the final distribution took place.

Similarly, if they directed the total length of service of the employee, that was parallel to the present situation.

Similarly, if they directed their consideration to service after 1975 or 1977 that while

tion took place. On March 29 1979 the trustees of each fund by deed directed that the trust periods should cease with regard to the whole of the property. They resolved that allocations to each eligible amplement should be made out of

Mr Best appealed to the Special Commissioner. He concluded (i) that the sums were emoluments of Mr Best's employment; (ii) that such emoluments could not be attributed to one or more years of assessment, and so were not emoluments for any

Commissioner's decision was final, unless it could be shown that the only true and possible conclusion from the primary facts found by him was to the

rewards for past services:

(i) Everybody who was eligible participated; (ii) the persons who received payments were defined as eligible employees; (iii) the trustees did not introduce any other qualifications into the distribution, related to personal merit or otherwise.

The assessments made covered the years from 1958-1959 to 1978-79.

Mr Best appealed to special Commission cluded.

any other qualifications into the distribution, related to personal ment or otherwise.

The second question was whether it was possible to attribute a year or years of assessment to the payments. The Special Commissioner decided the question in the negative. Mr Potter's submission, for the Revenue, that his conclusion was logically indefensible, was wholly convincing.

If paid for service as an extended the distribution of those effects.

There was therefore a considerable case for saying that any extra remuneration should bear a constant ratio to the employee's salary throughout the relevant were not exhaustive; it would be reasonable to consider the employee's salary throughout the relevant were not exhaustive; it would be a constant ratio to the employee's salary throughout the relevant were not exhaustive; it would be a constant ratio to the employee's salary throughout the relevant were not exhaustive; it would be a constant ratio to the employee's salary throughout the relevant were not exhaustive; it would be a constant ratio to the employee's salary throughout the relevant were not exhaustive; it would be reasonable to consider the employee's salary throughout the relevant were not exhaustive; it would be reasonable to consider the employee's salary throughout the relevant were not exhaustive; it would be reasonable to consider the employee's salary throughout the relevant were not exhaustive; it would be reasonable to consider the employee's salary throughout the relevant were not exhaustive; it would be reasonable to consider the employee's salary throughout the relevant were not exhaustive; it would be reasonable to consider the employee's salary throughout the relevant were not exhaustive; it would be reasonable to consider the employee's salary throughout the relevant were not exhaustive; it would be reasonable to consider the employee's salary throughout the relevant were not exhaustive; it would be reasonable to consider the employee's salary throughout the relevant were not exhaustive; it would

"chargeable periods."

The tax inspector appealed.

As to whether the payments were emoluments from Mr Best's employment, that was a question of fact on which the Special whole.

The tax inspector appealed.

As to whether the payments be paid in respect of some period of service—whether for a definable special period, or over the whole.

There was nothing in principle objectionable to the apportionment of emoluments in respect of a period anterior to their pay-ment (see Dracup (1948) 27 TC 188 and Heasman (1954) 35 TC contrary. 188 and Heasman (1954) 35 TC
Mr Braham, for Mr Best. 518).
attempted to discharge that onus The Special Commissioner

Accordingly, no reason was their consideration to service shown for upsetting the Special Commissioner's conclusion on possibly not conclusive, would have been upheld. Three factors

Accordingly, no reason was their consideration to service after 1975 or 1977 that, while converse conclusion it could not have been upheld. Three factors

Quite apart from those consideration to service after 1975 or 1977 that, while converse conclusion. converse conclusion it could not have been upheld. Three factors taken together seemed conclusive in favour of the payments being rewards for past services:

(i) Everybody who was eligible participated; (ii) the persons who received payments were defined as eligible employees; (iii) the trustees did not introduce any other qualifications into the distribution, related to personal merit or otherwise.

The second question was phetible it was no sufficient to determine the span of years in question. Although equality was equity, that in many situations meant proportionate and not true equality.

There was therefore a consideration should bear are remuneration should bear a constant ratio to the employee's salary throughout the relevant

eration of those effects.

The matter should be returned to the Special Commissioner to decide over what period the additional emoluments must be deemed to have been earned. and how they were to he apportioned over the various financial years in that period.

For the Revenue: Charles Potter QC and Michael Hart (Inland Revenue Solicitors).

### **APPOINTMENTS**

# New managing director for BICC

Mr Robin Riggam has been appointed managing director of BICC. Currently chief executive of EuroRoute, he takes up his new post on February 1. After a career in ICI from 1964 to 1981, Mr. Biggam was one of three executive directors brought in to ICL, the UK computer com-pany. In 1984, when ICL was acquired by STC, he joined Sir Michael Edwardes on the board of Dunlop. In July 1985, Mr Biggam was appointed chief executive of EuroRoute, one of the main contenders to construct a Channel link between the UK

Mr Reith Whitter has been appointed to the board of LESSER DESIGN & BUILD as sales and marketing director.

MELTON MEDES appointed Mr Mahendra Patel as company secretary.



Mr R. Biggam to be managing director of BICC

TOZER KEMSLEY & MILL-BOURN (HOLDINGS) has restructured its atomotive opera-

tions and created a fourth division. Tozer Vehicle Services. Mr

Laurence Kemmish, managing director of Daihatsu UK, is appointed chief executive. He has also joined the board of Tozer Kemsley & Millbourn Automotive. Tozer Vehicle Services, based at Dover, comprises:

Daihatsu UK, is appointed (UK), Buxton, has made management changes. Mr Ronald Hill, managing directives, based at Dover, comprises:

Daihatsu UK, is appointed division of the managing directive. New managing directions of the comprises of the comprises of the comprise of Daihatsu UK, Daihatsu Ireland, and Seaking Group.

appointed investment manager (property) in the ELECTRICITY COUNCIL'S pension department. He joins on April 1 from the British Steel Corporation pension fund where he was property

Mr Miles J. H. Pinniger has been appointed marketing direc-tor of THORN EMI PROTECH. He was head of international marketing at Thorn EMI

Lighting. Mr Eamon Bradley has been appointed managing director designate of VALKYRIE MOTOR HOLDINGS, vehicle distribution arm of UDT Holdings. He was technical director of Heidelberg Graphics and will succeed Mr Basil Brandon who retires as managing director of Valkyrie Motor Holdings in August.

regional board.

FREEMAN FOX & PART-NERS has appointed Mr Derek Wolstenbolme as senior pariner following the retirement of Mr Jack Edwards on April 30. Mr Wolstenbolme will also become chairman of Freeman Fox chairman (Holdings).

Mr Craig D. McPhie has been appointed a main board director of WARWICK WEST. He was general manager, group market-ing, of Abercrombie & Kent.

Mr Terry James has become chairman and chief executive of SCHERING HOLDINGS. Other board appointments include Sir Jock Taylor, a former British ambassador in Bonn, and Mr Mike Wallace, financial director. The company secretary is Mr Martyn Hargraves. The new holding company has been established. Martyn Bargraves. The new holding company has been estab-lished by Schering, a West Ger-man organisation, to manage the company's subsidiary in the UK.

THERM-A-STOR has appointed Mr Richard Maule-Fänch as its divisional sales director for the West Midlands.

MOBIL OIL, UK marketing and refulne affiliate of Nobil Oil Corporation, has elected to the board Mr A. E. M. Britten, president of Mobil Oil BV in the Netherlands, who becomes marketing director, while Mr C. G. Murdoch is appointed manufacturing director.

BILUE ARROW has appointed Mr Patrick Eade as a director, He is managing director of Reli-

LEARONAL (UK), Buxton, has made management changes. Mr Ronald Hill, managing director for 20 years, has been appointed chairman and chief executive. New managing director is Mr Paul Smith who joined six years ago as fuancial controller. Mr David Smith has been appointed sales and market. ing director, Mr David Luke becomes technical director, Mr Keith Whitiaw is research and development director, Mr Eric Thompson is technical service director, and Mr Paul Birkinshaw director of refining operation.

D. T. BULLOCK & CO. Ald-The MARKET RESEARCH of Tilbrook as appointed Mr George SOCIETY has appointed Mr John Hosker as its first director-general. He was director of the National Gas Consumers' of Mr Roderick McKenzie. He will then take over as managing director on June 1.

HOBART BROTHERS CO has HOBART BROTHERS CO has appointed Mr Brian Spall to the new post of regional director—Middle East and South Asia. He joins from ESAB Pipelines where he was director and general manager.

Mr C. M. Cavaye, managing director of Scottish Widows' Fund and Life Assurance Society, has been appointed chairman of the ASSOCIATED SCOTTISH LIFE OFFICES. His successor as deputy chairman is

successor as deputy chairman is Mr G. D. Gwilt, managing director of The Standard Life.

Mr Chris Chankett has been appointed managing director of BLICK COMMUNICATIONS, Exeter, manufacturer of Datacall Mr David Owen, group chairman of Rubery Owen, has been appointed to CENTRAL TELE-VISION'S West Midlands general manager.

Mr R. B. M. Hurley, Automobile Association insurance director has been appointed a director of AA COMMERCIAL INSURANCE BROKERS.

Mr Peter Nicholls has been appointed to the board of IFSSEC. Following restructuring of the company, Mr Bob Hollick has been appointed managing director of MOBEN KITCHENS.

ALFRED MCALPINE has appointed Mr M. A. Pearlman as group marketing director. He was marketing director of Lesser Design and Build. He has been appointed a director of Alfred McAlpine Construction.

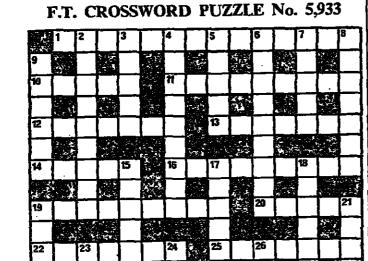
Mr Peter Stubbs, managing director of Polymark Techno-graphics, has been appointed to the board of the parent com-pany. POLYMARK INTER-NATIONAL.

Mr B. R. Norman has been appointed chief executive of the THOMAS COOK GROUP from April 1. He is currently chairman and chief executive of Thomas Cook Travel. Mr M. W. Brocksom has been appointed chairman and chief executive of Thomas Cook Financial Services. also from April 1. In addition, he will be appointed non-executive deputy chairman of the Thomas Cook Group. He is currently group managing director. Thomas Cook Financial Services

Mr Tony Maynard has beer appointed to the MOTHERCARI UK board as marketing director He was with Habitat as market

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ACROSS 1 An aunt's ripe age, possibly born before 1916 (14) 10 A girl comes about publicity

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11 Land of France in the depression is very off-putting 15 Trying to please? (9) 12 After getting in the beer he

went round preaching (7)
13 Relatively patronising (7) 14 Habit Tommy got into (5)
16 Takes the place of what bees

do? (9)

19 Change for the better? (9)

20 Has the neck to ask for credit during a slump (5)

22 German measles is a problem

23 Effusive oil-producer? (6)

23 Singers of low songs (5)

24 A serpent in French, a tree in English (5)

25 An unfinished picture frame (5) to a girl (7)

25 Cover removers in action at the start of the cricket match (7)

27 Fido's upset the paint! (9)
28 Shoot out from hiding (5)
29 I lament sixtles' strange doctrine of life (14) DOWN

2 Complicated to work out (9) 3 Regard as a great pleasure

4 Letter-opener? (9) 5 Absorbed in the system (5) 6 A harvest on new soil in ancient Greece (9)

holds the Emperor motionless (5)

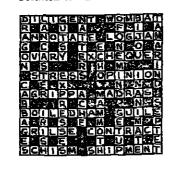
8 Section reserved for reviews

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9 Modern vessel on the Tren Pour or tip out a delightful mixture (3-6)

18 Their charges will be small 19 A game of cards—contract perhaps (7) 21 Effusive oil-producer? (6)

Solution to Puzzle No. 5,932



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Financial Times Tuesday January 28 1986 29 Sen Life Unit Assurance—Contg. Sun Life Presions Montgement Ltd (funds for Internalal person contract) | Lot | The English Trist British | The English Trist British | Lot | Lo INSURANCE, OVERSEAS & MONEY FUNDS Suriss Life Pensions Ltd 99-101 London Rd, Seventarios Julius Baer Bank & Trust Co Ltd. Butterfield House, Grand Cayman 07324501AI 75 Hanover currently (1401 2 1120 11346) - 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.0025 | 0.002 vian Bk F# Mgrs L1d 4, Grand Cayman, BWI. | Midland Bank Tst. Corp. (Jersey) Ltd 28-34 Hill St. St Helser, Jersey | 0534-72156 Mrd St. O'rher-Cat. | | 093 | 1944 | e053-1205 | O'rher-Cat. | | 093 | 1944 | e053-1205 | O'rher Cat. | | 093-1205 | e053-1205 | e253-1205 | e253-120 The Banglook Fund Banglook First bur & Trant Ltd (live Adeques) 300 Siom Road, Banglook, Thailand MAN Jan 22 BAHT 299,545,84 (USS9,722.63) PO Box 195. St lettlers, Jersey
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# EEC grain plan will hit British

Tough new quality standards for cereals now under dis-cussion by EEC agriculture managers could mean cuts of up to 8 per cent in the guaranteed prices paid to Community farmers producing lower grade grains—most notably the British.

Last night senior aides of the 17 Commissioners were putting the finishing touches to new plans for a 3 per cent co-responsibility levy ou cereals, which, if agreed by ministers, would come into force after this year's harvest.

In addition, the officials have drawn up a series of subsidiary measures setting out penalties for grains not meeting more rigorous quality controls. For the most part, produce falling to achieve the

new requirements will suffer a flat 5 per cent additional price cut.

Though the proposals are not yet agreed by the Com-mission, it is thought that they may well be approved when they come up for dis-

The real debate, however, is certain to take place when ministers meet to discuss the plans. Many member states are strongly in support of higher standards as better quality grain is easy to mar-ket both within the Community and without.

But some countries, led by the UK, are certain to con-sider the proposals discrimi-natory against their farmers. In the North of the EEC, poorer climate does not allow the production of higher quality grains more easily

Mr Iguzz Kiechle, the West German Minister, is believed to be broadly in favour of a distinction between low and high grade product, but favours a positive increased payment to be made to the better grades rather than a lowering of payments for lower quality.

The 58 per cent additional reduction in guaranteed price.

reduction in guaranteed price envisaged for cereals

 Fall to meet machine-ability (dough-making) test standards; • Register a Hagberg (mill-ability) index of below 220

Produce a Zeleny (pro-

Farmers would be able to

grow some pulse crops but there is a questionmark over

soya beans. At the moment there are doubts about supplies

from the Latin American countries and soya beans fetch a reasonable price on the world

markets. But in view of the worldwide oversupply of edible

oils that could be a bit of wish-

ful thinking. At the moment, however, soya beans are off the restricted list for farmers who

have land removed from other

At the same time the US

administration appears to be

set on attacking the world mar-ket and, under the peculiar

arithmetic that governs these

things, will probably regard the loan rate of \$88 per toune as the real cost of the wheat it

puts on the world market. At

cessing) index reading of under 20; Price cuts of 0.5 per cent, to a total of 5 per cent will also be triggered by grains failing to meet protein content levels of 11.5 per cent, with each percentage point cut coming for every haif point below this mini-mum level.

Maximum humidity levels have also been lowered from a flexible 14 to 16 per cent to a firm 14 per cent. Germinated grain will be allowed only at a maximum level of 4 per cent for hard wheat and 6 per cent for soft - a two percentage point drop in

Specific wheat for soft wheat will be fixed at 72 kilos per heciolitre in place of 68 kg/hi.

So the cost to the exchequers of the EEC and the US are

likely to be the same; that is if

they are each determined to maintain farmers incomes regardless of expense. But it

does seem to me that the US scheme, although expensive at first sight, is likely to be more

effective in restricting produc

tion grain. There is a precedent in that the US set - aside schemes which were running in the early 1970s did reduce pro-

duction by at least 10 per cent for the crops to which they applied, And the inducements then were not anything like as

At the moment the EEC has no positive scheme in view

beyond a gradual price reduc-

tion for cereals or a co-responsi-

bility levy, which would have

the same effect. There is no evidence at all that price re-

ductions restrict output significantly. They simply stimulate farmers to better efforts. The main victims of this particular

trade war in the world's grain markets will be the farmers in

the traditional wheat exporting

countries; Argentina, Canada and Australia, who do not have the financial protection enjoyed

generous as they are now.

### LONDON **MARKETS**

INDICES

REUTERS

DOW JONES

FINANCIAL TIMES

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(Base: July 1 1952=100)

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(Base: December 31 1931 = 100)
\* Not evallable due to supper sion of tin LME.

MAIN PRICE CHANGES

Jan. 27 + or Month 1986 — seo

COFFEE PRICES leapt ahead by over £100 in early trading in London to take the second position to a day's peak of £2,655 a tonne on continuing uncertainty about the effects of drought on next year's Brazilian crop, compounded by concern over the impact of political upheaval in Uganda. But with no support coming from New York prices later fell back. On the London Metal Exchange, reductions in stocks helped copper and aluminium prices to maintain their recent strength. Copper trading close to a four-mont high, was further bolstered by a strike in Peru. The gold market had a nervous day, with prices climbing in London to a high of \$364.50 an ounce, up \$10.75 on Friday's close, on the weak-ness of the US dollar, before falling back to close just \$1.375 higher at \$355.125 an ounce.

LME prices supplied by
Amalgamated Metal Trading.

### **ALUMINIUM**

larities. The target rate of \$4.38 per bushel for wheat approxi-	Unorficial + or close/p.m.) - High/low
mates very closely to the pre- sent support EEC price for	
similar wheat of about £116 a tonne. It is profitless to trade bad language about subsidies, the reality will be that to sell wheat on the world market the	Official closing (are): Cosh 807.5-8 (797.5-8), three months 838-5 (827.5- 8), sattlement 808 (798). Final Kerb close: 841-41.5, Turnover: 19.450 tonnes.
EEC will have to provide a subsidy of between £40 and £50	COPPER

### COPPER

Higher grade	Unoffic'	1 +or	Highriow
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(2636), settlement close: 273	closing ( three month 256 (263 -74. Juno 18-20 cent	hs <i>2</i> 70.5 i.5). ver: 12.	-1 (277-8) Final Kerl 200 tonnes	b

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GOLD BULLION (fine ounce) Jan. 27						
Close \$554435514 Opening \$56543644 Mining fix, \$361.75 Aftinin fix \$358.40	(£256-2564) (£2631 <sub>2</sub> -2641 <sub>4</sub> ) (£261,853) (£258,866)					
GOLD AND PLATIN	UM COINS					
Kr'g'r'nd \$556-356\g \text{ig Krug. \$169-189\g \text{ig Krug. \$96\g \text{ig Spig-40} \text{if Krug. \$96\g \text{ig Spig-40} \text{Mapleleaf \$366-366\g \text{Angel \$366-366\g \text{ig Angel \$366-366\g \text{ig Angel \$364-366\g \text{ig Angel \$36-41} \text{lew Sov. \$85.66\g \text{ig New Sov. \$51.61\g \text{old \$90. \$91.92\g \text{220 Eagle \$470-510} \text{Abble Plat \$368\g \text{4.394} \text{364 \$364.394}	(25654, 25654) (£138-13642) 25692 5634, (£26312, 26334) (£26312, 26334) (£2643912) (£514-52) (£54-37, (£554-37, (£554-374) (£3634-274) (£2604-2634)					

### SII VFR

CILTLII
Silver was fixed 8p an ounce higher for spot delivery in the London bullion market yesterday at 452-1p. US cen equivalents of the fixing levels were spot 625-5c. up 5.75c; three-mont 637-4c. up 6.35c: six-month 690.0c, up 6.7c; and 12-month 675.8c, up 7.85c The metal opened at 458-460p (631-633c) and closed at 445-447p (677-619c).
SILVER Sultion + or LM.E + or

troy Price Unotified 3pot 452.10p +8.00 446.5p +4 5 months 466.20p +6.75 461.5p +5 3 months 480.65p +9.08 2 months 508.15p +10.8 LME-Turnover: 38 (40) lots of 10,000 oz. Three months high 461p. low 460p, final kerb 457-9p.

### MEAT The market was untraded and un-changed and physicals were also un-changed, reports Eastern Capital-CCST.

Yesterday's Previous' Business Month : close | close | done p. per kilo (deadwaight) Feb..... 101.50 101.50 April .... 101.50 101.50 June .... 99.30 100.20 Avg .... 98.00 99.10 Oct.... 105.20 104.90 Nov.... 105.90 106.30

Sales: 0 (45) tota of 50 carcases, 3,250 kg. MEAT COMMISSION—Average fat-stock prices at representative markets. GB—Cattle 94.17p per kg lw (-1.37). GB—Sheep 177.70p per kg est dow (-4.07). GB—Pigs 72.95p per kg lw (-1.49)

### RUBBER

PHYSICALS - The London market opened unchanged, reacted nervously to currency movements and closed un-certain, reports Lewis and Peat, Closing prices (buyers): Spot \$0.00 (same). March 59.25p (58.00p). April 58.75p. The Kuala Lumpur tob prices (Melaysis/Singapore cents) per kg RSS No. 1 wes 183.5 (183.0), and for SMR 20 175 0 (180.0)

PRECIOUS METALS regisrections metals regardered modest losses on overseas selling reports Heinold Commodities. Copper traded firm en worker unrest in Pern and a decline in LME warehouse stocks. Aluminium was also firm reflecting favourable prospects for industrial usage. Sugar attracted underlying support for industrial usage. Sugar attracted underlying support on fears some shipments might be deferred. Cocoa continued to trade in a featureless fashion. Coffee lost a little ground on prost-taking as fresh bullish news was lacking. Cotton was mixed with prospects of advanced deficiency payments in funds keeping pressure on the new crop. The energy complex was sharply higher on reports that Iran, Egypt and Norway would consider cutting back production. The soyabean complex was mixed with products supported on prospects of declining crush due to poor margins.

	Aluminium					
	Free Mkt \$1180/200 + 10 \$1180/50	1				
	Cor per	INEW	/ YOF	₹K		
	Cash h Grade. £1028.5+16.23.£971.5	1				
	2 Mt p2************************************	ALLBAN	UII the 40	,000 fb,		
	Gold Troy oz, \$655.125,+1.578 \$327.5				SALECTAL IN	
	Ead Cash £291.5 -10.5£266.6 5 mths£274.5 -10 £275.26	Jan	Close	High	Low	Pres
	Mickel '	Feb	54.45	_	_	54.00
	Free Mist		54.55	_==		54,40
	Palladium riz	March	55.00	55.70	54.40	64 80
,	Platinum 02   2070.00  + 4.0   2045.00	May	55.36	55.45	54.70	54.91
	Quickeliver: \$210:288 \$250:268	July.	<b>\$5.85</b>	55.85	<b>55.80</b>	
	Silver 1704 0Z 452,100 +8.00 407,850	Sept	56.76	_	_	65.90
	8 months 456,20p +8,75,419,50p	Dec	57 f)	_	, <b>—</b>	56.70
	Tin cash	j Jan	57.35	_	_	56_90
	3 months I	March	<b>67.8</b> 5	_	_	
	Tungsten 25,015, \$65,71	May	58.35	_	_	57. <del>9</del>
•	71nc - #486 8 '_1 5 f487	COCOA	10 tons	HES, \$/tox	The	
	8 months 6474.5 :-0.5 .6495.75	1 2233				<u></u>
	Producers:\$880;706;\$860;760		Close	High	Low	Pret
		March	2151	2158	2150	216
	OILS	May	2193	2203	2792	220
	Coconut (Phil) (\$345v : \$440	July	2224	2234	.2224	223
	Palm Malayan \$320y -2.5:\$410	Sept	2248	2261	2248	226
	1 200 200 1000	Dec	<b>2290</b>	_	. —	2279
	SEFDS	March	22/2	_	_	2287
		May	2280	_		2295
	Copra Phil 3230v +10 8260	J 200	100/ 27	,500 fb,		
	Soyabean (U.S.)   \$227 +1,76-8724,22	COTTE				
	GRAINS	1	Close	High	_ i,ow	Pres
	GKARIS	March	237.28	239.50	<b>235.70</b>	239.44
	Barley Fut. May. £118.45 -0.35£116.80	May	241.90	244,25	240,40	241.16
	Maize £141.00£142.50	[ July	245.41	247.00	243.75	244.96
	Wheat Fut_May_£130.650.58£116.70	i Sept	248.24	_	246.75	248.S4
		Dec	250.25	251.60		251.00
	No. 2 Hard Wint.	March	252.63	251.00	251.00	252.00
		May	264.50			253.75
	OTHERS	l		<del>,</del>		
	Coons Ft. May 161749.5 11 £1765.5	{ COPPER	25,000	Ib, cente	/Ib	
		J	Close	High	Low	Pres
	Coffee Ft. Mar. (22611.5 +58.5-22531	مط. ا	66.15			
	Cotton A Index   53,70c		66,35	_		65.30
	Gas Oil Mar. \$181.5 +7.5 \$239.25 Rubber (kilo) :600	March	66.75	66.50	85.15	65.X
						65.90
	Sugar (raw)  3134v  -2.5 3125.5 Wooltons 64s   425p kilo:+12 387p kilo	May	68.30	86.90	66.35	68.00
	Wooltops 64s 428p kilo + 12 /597p kilo	July	67.05	67.00	66.50	. 66.10
	# Donwood + Per 75 in flask c Cents	Sept	67,20	<b>67.20</b>	65.70	46 20

In light trade futures stayed in a £20 range. Some limited physical activity was seen from both producers and consumers but second-head interest was not apparent, reports Gill and

‡ Unquoted, † Per 75 lb flask, c Cents per pound. v Jan-Feb. z Feb. y Mer.

Duffus.			
GOGOA	Yesterday's Close	1+ Ot	Eusiness
	£ per tonne	<i>i</i>	PUING
May July Sept Dec March	1758-1754 1749-1750 1773-1774 1796-1797 1813-1814 1833-1835 1843-1860	-11.0 -12.0 -12.0 -2.2	1767-1746 1780-1778 1818-1796 1828-1814 1847-1852
ICCO ind pound). ( 103.98 (105	75 (2,343) le icator price Daily price 5.02); five-d 103.89 (103	s (US o for Jan lay eve	ents per uary 27:

### COFFEE

COCOA

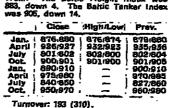
The market opened £105 higher gainst a standy New York close on

COFFEE	Yesterdy Close	* + or	Business Done
lan	2555 59 2611 12 2680 89	i + 59,5	2585-538 2855-685 2710-648

Sales: 6.071 (4.604) lots of 5 tonnes. ICO indicator prices (US cents per pound) for January 24: Comp daily 1979 198.02 (191.72): 15-day average 206.21 (209.72).

### FREIGHT FUTURES

The market opened slightly lower in thin conditions before trade selling became the impetus for the continued slide. The volume improved and a slight bounce back from the lows was sean law session, reports Clarkson Wolff. The Battle Freight Index was 883, down 4. The Battle Tanker Index was 905, down 14. Close (High/Low) Prev.



### SUGAR

\$134.00 a tonn	134.00 (127.00), down \$2.50 (down \$1) a tone for January-February delivery. White suger \$178.50, down \$1.50.						
No. 6 Con- tract	Close	Previous close	Business done				
	5 per tonne						
May	154,4 154,8 161,8 162,6 168,2 168,8 174,8 175,8	160.8-161.6 167.4-168.2	186,2-198,6 170,4-187,9				

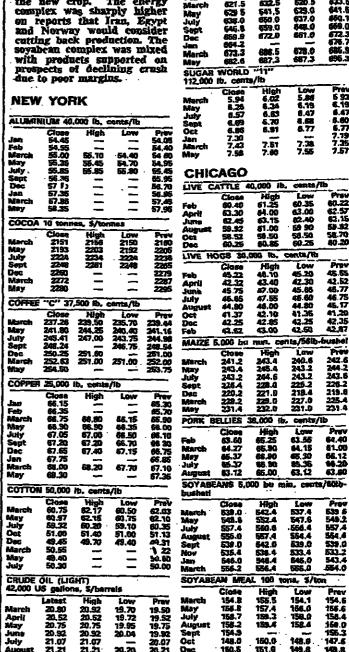
Sales: 1,670 (3,573) tota of 50 Tate & Lyle delivery price for granu-lated basis sugar was £200.50 (£202.00) International Sugar Agraement—{US cents per pound fob and stowed Cariobean ports.) Prices for January 24; Daily price 5.30 (4.86); 15-day average 4.70 (4.66). tonne for export. PARIS—(FFr per tonne): Mar 1327/ 1330, May 1360/1365, Aug 1413/1416, Oct 1440/1465, Dec 1460/1475, Mar 1540/1546.

### SOYABEAN MEAL

The market opened £1 higher on weaker currency, reports T. G. Roddick, Prices remained within narrow ranges throughout the day. Yesterday + or Susiness

		1 — :	20.10
Apr	157.6 166.0 155.1-155.4 155.5-154.0	+ 1.60 + 0.45 + 0.25	168,6-157,8 156,0 153,6 156,0 153,6
Cotober Dec Feb	134,5 135,0 134,6-135,5	+0.50	- 186.5
Sales: 30i	3 (360) fots	at 20	tonnes.

### **US MARKETS**



### GRAINS

Jan Feb Merch April

Old crop wheat touched new contract highs as shipper buying entered the market on weaker starting. Good consumer buying was also noted. Values essed in thin trading later in the day to close at the day's lows. Berley followed a similar pattern in quiet trading. New crops also reached contract highs before profit-taking eroded gains, reports Muirpace.

PLATINUM 60 troy ez. \$/troy ez

WHEAT BARLEY Yesterd'ys + or Yesterdys + or close - close -

MINEN :	Close .	<u>: - :</u>	01086	_
Mar	116.90 120.85	-0.60 -0.68	116.85 118.45	
July Sept	123,40 101,00 104,06	-0.50 -0.50		
Busi	ness don	e-Whe	at Mar	
Sept	#ay 121,65 101.80-1. 415 lots	00. N	ov * 704.8	ï
	6.00-5.35.			

LONDON GRAINS—Wheat: US derk trothem spring No 1 15 per cent Feb 138.25, Mer 139, Apr/May 133 sellert transhipment east coat. US No 2 soft red winter Feb 123.25, Mer 121.25 sellers. EC Franch Jan 138 sellert. claured, 121.50 values Feb 119.60 setter, trglish feed feb Jan 132 peld customs Mar 120 buyer, Apr/Jun 124.00/125.00 buyer/seller, Sept 104.50 buyer, Oct/Dec 109 value, Jen/Mar 114 buyer. Matte: US No 3 yellow/French transhipment east coast Jan 141. Barleyt English feed feb spot 116.50, Feb 117, Mar 118.50, Apr/Jun 122 buyers. Rest unquoted.

Higca — Locational ex-farm apot prices. Feed barley: E. Midlands 113.20. Scotland 109.60. The UK monetary coefficient for the wask beginning Monday Fabruary 3 (based on Higca calculations using four days' exchange rates) is expected to change to 1.081.

### COTTON

LIVERPOOL — Spot and shipment spice for the week commencing January 20 totalled 1,008 against 2,064 tonnes in the previous week. Operations included Russian, largell, Colombian, East and West African, Sudanese, Pakistani and Iranian

### **POTATOES**

General buying interest on a lower opening quickly lifted levels to the day's highs of £90.90, basis April, but trade was thin end values slipped back, reports Coley and Harper.

Yesterday's Previous Business close | close done

Close High Low Pver 19,77 19,85 19,52 19,52 20,19 20,25 29,30 20,11 20,61 20,52 20,45 20,45 20,70 20,70 20,70 20,50 20,50 21,20 21,20 21,20 21,20 21,20 21,20 21,20 21,20 21,00 21,00

SPOT PRICES — Chicago loose lard 16.00 (15.60) cents per pound. Hardy and Harman silver bullion 619.5 (619.0) cents per troy punce.

542.4 552.4 560.6 557.4 642.0 538.4 546.4

High Low 155.5 154.1 157.4 166.0 159.3 159.0 129.4 158.4

OIL

Brent and WTI prices recovered a fittle, although business was quiet. Saudi Arabian crudes continued virtually absent from the spot merket. Nymex opened 25c up for March and had gained sround 60c by 1.30 pm EST. All petroleum products were telked up with Russien gas oil firming on rumours of a prompt squeeze. Naphtha also strengthered, though buyers and seliers remained for apart—Petroleum Argus, London.

SPOT PRICES Chang Latest i+ or -CRUDE OIL-FOS (\$ per barrel)-Feb. CRUDE OIL—FUD (8 per sp. 1)
Arab Light
Arab Heavy
Dubat
Stant Blend St. 12,92,20
W.T.I. (1pm est) St. 18,92,26
Forcados (Nigeris) : 18,92,29,80
Urais (cif NME)

PRODUCTS—North West Europe Prompt delivery cif (\$ per tonne)

\* March Petrolaum Argus estimates GAS OIL FUTURES

\$ U.S.

5 U.S.

Per tonne

187.50 +9.50 188.50 77.00

181.50 +7.50, 185.76.76.00

178.00 +3.25 172.76.72.50

173.50 +2.50 175.50.72.00

172.76 +2.50 175.50.72.00

171.50 +2.50 176.00.71.00

176.00 -2.00 178.00

178.50 -0.56 Turnover: 3,553 (4,451) lots of 100

CRUDE OIL FUTURES—Brent Blend Index. \$ a barrol. (Close, change, business done): Index 18.77, +0.55. Mar 19.00-19.04, -0.09, 18.00-18.50; Apr 19.00-18.50; May 19.00-19.60: Jun 19.00-19.00 Furnover: 35 (30) lats of 1,000

### Fresh blow to Canadian asbestos mines

CANADA'S MINES minister. Mr CANADA'S MINES minister. Mr Robert Layton, estimates that the US Environmental Protection Agency's proposed ban on five product categories containing asbestos could bring a cut of another 20 per cent in Canadian asbestos production, which has already been halved since 1979, when environmental issue became international.

### Setting aside cereal surpluses IN ITS latest Farm Act, termed the Food Security Act, the US Government appears to have larities. The target rate of \$4.38 per bushel for wheat approxi-mates very closely to the pre-sent support EEC price for similar wheat of about £116 a tonne. It is profities to trade bad language about subsidies, the reality will be that to sell FARMER'S

taken decisive action to limi the acreage, if not the actual production of cereals. There is **VIEWPOINT** always a possibility that an acreage restriction alone could stimulate farmers to grow more on their remaining acreage. This was made very clear to me about 25 years ago when visiting By John Cherrington nodities, which would of course high to attract farmers to take US farm areas. In the agriculhave to be sold on the free market. This would avoid overtural administration in Georgia for instance I met in one room the official charged with monitoring the "set-aside" acreage of each farmer. His next door neighbour was equally loading the stores of the Com-modity Credit Corporation. In order to qualify farmers have to take 25 per cent of their basic wheat acreage out of produc-tion. The total payment one farmer can receive is \$50,000, equivalent to about 70 Otonnes earnestly showing farmers how to grow more on the land they

Under the US Act, however, farmers will not receive a cash of wheat, payment for removing acreage If he If he should opt to take from crop. Instead they will only be able to qualify for price advantage of loan rates and other supports for other cereals support if they agree ot remove a proportion of their wheat land the acreage reduction requirements as they are now called from growing any cereal crop. It is proposed for 1986 to allow would amount to 20 per cent. crops. So a farmer growing say wheat and sorghum would have to cease cropping 45 per cent of his total arable acreage. the farmer to put his wheat on loan at a rate of \$2.40 per bushel (£88 a tonne). This means the farmer can secure a cash loan There is, of course, nothing at that figure. If the price rises above that level he can sell it to prevent a farmer from growing his full acreage but in this case he would lose the advanon the market and pay off the loan. He will also be entitled and the target price, which has been set well above the market half the present wheat guarantees. For instance, the target tee paid to EEC farmers. The price for wheat, at \$4.38 a move is deliberately aimed at bushel is well above the 1986 December futures price at Chicago of \$2.82 a bushel. For out the competitors, of whom maize a target price of \$3.03 a bushel, compares with a December futures price of \$2.20. So it would seem that the tage of the guaranteed loan rate to a deficiency payment covering the difference between the loan

target price are variable annually according to the stock The farmer can receive his deficiency payment in cash or it \$2.20. So it would seem that the differences between the US and major beneficiaries will uncan be paid in surplus comincentives are set sufficiently the EEC systems, and the simi- doubtedly be the Russians.

price and the target price, which

in the case of wheat will be \$4.38 for 1986. The amount of the payment would be \$1.98

to add to the loan. The loan and

# Florida frost threat boosts

orange juice FLORIDA CITRUS growers were bracing themselves last night against the possibility of record low temperatures. An official of Florida Citrus Mutual, a trade association of citrus growers based in Lakeland, said growers began telephoning the association on Sunday night as forecasts for freezing temperatures became more wide-

Some meteorologists expected temperatures in the citrus growing region of central Florida to drop to 18 degrees Fahrenheit by this morning, which would be a record low for the region for the time of the year.

The official said that while temperatures were not yet cold enough for citrus growers to use heaters in their groves. growers were preparing the equipment.

On the New York futures market frozen concentrated grange juice prices rose by the 5 cents a 1b permissible daily limit soon after the opening.

### World Bank rubber

forecasts attacked MALAYSIA has blamed the World Bank for helping to create a world oversupply of natural rubber with overoptimistic price forecasts, reports Reuters.

Primary Industries Minister Paul Leong said the Bank had forecast in April, 1984, that the rubber price would be 381.80 Malaysian cents a kilo in 1985 and could rise to 593.10 cents in

But the average rubber price 1-et year was only 187.5 cents a the high forecasts had en-

couraged some developing countries to plant more rubber trees, Mr Leong said.

### Jobs in Corby

INTERROLL, a conveyor manufacturer, is to create at least 34 jobs as a result of a £1.7m expansion at its plant in Corby,

LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes during week ending last

(tonnes) --2,325 to 214,450 Copper Lead Nickel -2,475 to 181,150 +1,700 to 69,475 -426 to 6,798 +1,135 to 65,315 +6,925 to 42,525 Tin Zinc

## **India steel industry** to import more coal

BY P. C. MAHANTI IN CALCUTTA

import 3m tonnes next year. Imported coal is much cost-

try's requirements, but because on coal as the prime source of of its high ash content it has commercial energy.

THE Steel Authority of India ago. The reduction is influenced plans to import 2m tonnes of by the fact that pithead stocks coking coal in 1985/86 in order of 20m tonnes are considered to step up the operational high and they are expected to efficiency of its steelmaking rise to 24m tonnes by March. facilities. And, according to its The accumulation is not due to chairman, Mr V. Krishna- flagging demand but to inade-murthy, the authority aims to quate transport facilities in the

railway system. Imported coal is much costlier than the indigenous variety, none-too-bright prospect for
but the cost is justified by the
prospect of higher and more
saleable steel production. India's output of crude petsaleable steel production. Toleum by the end of this
India's current coking coal decade will be only 35m tonnes,
output of around 20m tonnes just 5m tonnes more than the
a year is quantitatively sufficient to the current level—the Government However, on account of a cient to meet the steel indus has restored its old emphasis

to be effectively beneficiated Accordingly, coal production before use in blast furnaces. targets have been revised. The cost beneficiation apart, the upwards to 226m tonnes by ash percentage is not being 1989-90, to 320m tonnes five effectively reduced in the exist-ing washeries where equipment by the end of the century. has become old and inefficient. The World Bank has already India's non-coking coal pro- lent India \$600m for specific duction has been cut by 4m coal projects and is expected to tonnes to 153.5m tonnes a year lend substantially more during which more or less brings it to the seventh (current) plan the level produced two years period ending in 1980-90.

# Nicaragua draws up plan to rebuild cattle herd

BY TIM COONE IN MANAGUA

The measures are expected to include stricter controls and black market. slaughter-house operators, to enforce according to a high-dollars on the currency black level official of the Internal market.

Commerce Mini try, which is To rebuild the national herd

also be increased. In 1985 Nicaragua exported annually

DRASTIC MEASURES are to were averaged around 40 to 50m be taken shortly by the lbs a year. The fall is partly due Nicaraguan Government to halt to the loss of the US market the decline in the size of the following the trade embargo country's cattle herd and its announced by the Reagan meat exports. According to the Administration in May 1985.

Vice-Minister of Agriculture, However, price incentive 1985. Mr Ricardo Coronel, the indis- ranchers introduced in Decemcriminate slaughtering of breed- ber 1984 involving part payment ing stock is severely under- in US dollars for animals mining government attempts to delivered to export slaughter-rebuild the national herd, follow houses, do not seem to have ing the serious damage it prevented an increase in suffered during the revolution- smuggling of livestock across the ary insurrection in 1978 and borders to Honduras and Costa Rica, or to have stopped the growth in "claudestine" slaughtering and sales on the

Mr Coronel said that many reductions of meat supplies to ranchers had discovered they restaurants and work place could earn more in dollars by canteens, and possibly even the latroduction of meat rationing, black market, and then exchangaithough that would be difficult ing their local currency for US

To rebuild the national herd responsible for price controls from its present size of 2.3m and food distribution. Dollar cattle to nearer 3m Mr Coronel incentives to producers may said that a maximum of 360,000 animals should be slaughtered only 13m lbs of beef, whereasa slaughtering levels were running -2,250,000 to 46,584,000 exports before the revolution well in excess of this.

### **Norwegians** supply salmon farm to Soviets

By Fay Gjester in Oslo

TWO NORWEGIAN companies are co-operating to supply the Soviet Union with the first complete salmon farm it has imported from any Western country, under a contract worth NKr 14m. Seafarm Trading of Bergen, and Humlen Trading, of Alesund, are shipping a plant comprising sea water "cages" with a total volume of 9,000 cu metres, a facility for producing 500,000 salmon "smolt" (baby salmon) yearly, and prefabricated buildings to house the necessary offices and

The cages have already been despatched by sea to Murmansk. The rest of the equipment is due for delivery in June/July. Norwegian experts will super vise its installation, start up of the farm's operation, and training of Soviet personnel.

 Undertun, a Norwegian firm based near Alesund, has won a contract worth around NKr 30m to supply a complete fish-breeding plant to a Canadian company. Nanaimo Marine Farms, of Vancouver Island. The order covers 20 tanks, each 12 metres in diameter and 4 metres high. The facility will have a total capa-city of 9,000 cu metres, able to produce 1,000 cu metres, asie to produce 1,000 tonnes of salmon annually. Finance for the contract has been arranged by a leasing firm, Lefac Alesund, which is taking a stake in the Canadian company as part of the financing neckers.

the financing package. • PENINSULAR Malaysian tin concentrates output fell to 3.084 tonnes containing 2.223 tonnes of metal in November from 3.516 tonnes containing 2.653 tonnes of metal in October, the Mines Department said.

Deliveries of concentrates to smelters in November fell to 3.324 tonnes containing 2.503 tonnes of metal from 5.122 containing 3,865 a month earlier. The number of active mines dropped to 388 from 465 in October, comprising 29 dredges (25), gravel pump mines 293 (357) and other mines 66 (83).

• PRESIDENT Joseph Momoh

of Sierra Leone has urged foreign countries and international organisations to give the country aid to enable it to process its iron ore and bauxite. Speaking at a ceremony to mark his swearing in as presi-dent, Mr Momoh said Sierra ould be slaughtered Leone needs to export its whereas present minerals in at least a partly form to raise revenues

£ per tonne Feb .... 74.00 | 76.30 | 76.80 | 76.80 | 80.30 | 90.30 | 80.50.89.58 | 80.50 | 87.20.86.85 | 84.50 | 84.50 | 84.50 | Sales: 603 (1,430) lots of 40 tonnes.

# CURRENCIES, MONEY and CAPITAL MARKETS

### FOREIGN EXCHANGES

# Dollar hits seven-year yen low

The dollar fell to a seven-year low against the Japanese yea on the foreign exchanges, and to almost a three-year low in terms of D.mark, dipping below DM 240 for the first time since March 1983. Comments made by the Governor of the Bank of Japanese Finance Minister on Friday, about the meed for a strong yea, and pushed the dollar down to a low of Y193.10 in Tokyo. The US currency traded fairly steadily around the Y196 level in London, with dealers reluctant to take fresh initiatives in anticipation of a cut in the Bank of Japan discount rate. The market also awaits further evidence about the US economy from Thursday's leading indicators and trade figures.

The dollar fell to Y195.70 from Y196; DM 23860 from Y224185; FFr 73850 from FFr 74355; and SFr 20335 from SFr 28355; and the dollar's exchange rate index to dollar's exchange rate index the dollar fairness of DM 337725. The comment of DM 33775 from DM 33775; and SFr 20335 from SFr 28355; and SFr 283 from SFr 28555; and to Japanese Finance the dollar's exchange rate index SFr 283 from SFr 28555; and the Japanese Finance the dollar's exchange rate index SFr 283 from SFr 28555; and the Japanese Finance Minister. In the dollar's exchange rate index SFr 283 from SFr 28555; and the Japanese Finance to the Japanese Finance to the dollar's exchange rate index SFr 283 from SFr 28555; and the Japanese Finance Minister. In the Japanese Finance to the dollar's exchange rate index SFr 283 from SFr 28555; and the Japanese Finance Minister in Parking the Minister in Parking the

SFr 2.0485.
On Bank of England figures the dollar's exchange rate index fell to 124.1 from 124.7, the lowest since May 1983.
STERLING — Trading range against the dollar in 1985-86 is 1.4885 to 1.6525, December average 1.4555. Exchange rate index fell 0.6 to 73.7, the lowest closing level since March last year.

of DM 3.3375 from DM 3.3725; FFr 10.2475 from FFr 10.3850; SFr 2.83 from SFr 2.8525; and Y272.25 from Y273.25. DMARK — Trading range against the dollar in 1985.86 is 3.4510 to 2.3980. December average 2.5120. Exchange rate index 132.8 against 124.4 six months ago. months ago.

The D-mark gained ground against the dollar in pervous Frankfurt trading, testing the DM 2.40 level. There were no Sterling weakened against all DM 2.40 level. There were no major currencies yesterday, as fresh factors, although specula-

POUND SPOT-FORWARD AGAINST POUND

Jan 27	Day's spread	Close	One month	% p.e.	Three .	% p.a.
US	1.3815-7.3920	1.3910-7.3920	0.54-0.51c pm	4.53	1.70-1.65pm	4.8
Canada	1.9429-1.9804	1.9570-1.9604	0.37-0.27c pm	1.96	1.28-1.14pm	2.47
Nethind.	3.73%-3.77%	3.762-3.772	24-2c pm		64-6°2001	7.03
Belgium	67.70-68.45	68.35-68.45	16-8c pm		46-33pm	2.3
Donmark	12.184-12.325	12.314-12.324	4-32-ore pm		11%-70%pm	3.8
treland	1.0935-1.1040	1.0985-1.0995	0.05-0.30a die		0.22-0.82dis	
W. Ger	3.30%-3,34%	3.334-3.344	21-21-pt pm		6'-5'-pm	8.09
Portugal	2143-2173	216-2174	120-420c dis		290-1100dis	-12.81
Spain	2081-210	2091210	40c pm-par		70om-45dls	-0.2
traly	2,258-2,277	2.276-2,277	8-14lire dis		28-35dia	-5.53
Norway	10.32%-10.43	10.42-10.43	bat-yous dis		70st-7dis	-0.10
France	10.164-10.254	10.244-10.254				
Sweden	10.41-10.515	40 003 40 043	14-4c pm		lpm-ydis	0.27
Japan	2691-2724	10.501-10.511-	sibe -mq enoc	0,21	13-1pm	0.51
		2714-2724	11-11 pm	6.06	43-44pm	6.52
Austria	23.27-23.42	23.40-23.42	13 <sup>1</sup> 4-12 <sup>1</sup> -gro pm		42-36% pm	6.73
Switz.	2.794-2.834	2.821-2.8312	2-1%c pm	7.55	874-57 <sub>1</sub> pm	8.57
			france, financia 3.08c pm. 12-mo			

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Jan 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UKT	1.3735-1.3925	1.3910-1.3920	0.54-0.51c pm		1.70-1.65pm	
trelandt	1.2565-1.2618	1.2585-1.2600	0.80-0.55c pm	6.42	2.40-1.80cm	1 6.85
Canada	1,4100-1,4160	1.4135-1.4140	0.29-0.32c dis	-2.60	0,82-0.87dii	r -2.40
Nethind.	2,7005-2,7190	2.7090-2.7100	0.52-0.50c am	2.26	1.55-1.52pm	2.Z
Belgium	49.05-49.25	49.10-49.20	8-12c dis		28-35dis	-2.57
Denmark	8.82 - 8.28	8.85-8.852	Lore om-Ladis		Lon-Ide	-0.08
W. Ger.	2.3945-2.4070	2.3975-2.3985	0.73-0.68pf pm		2.06-2.0100	
Portugal	156-157	1564-1564	200-400e dia		450-950dis	-17.89
Spain	151.00-157.60	151.10-151.20	35-65c dis		150-200dis	-4.63
Italy	1.633-1.6415	1.635 1.636	12-13-lire die		39-41 die	-9.78
	7.484-7.50	7.49-7.49	2%-3'sore dis		82-84-dla	-4.77
Norway		7.364-7.364			8.50-9.50di	
France	7,36-7.39		1.80-2.30c dis			
Sweden	7,54-7.57	7.55-7.55-7	24-Jora dia		8° Fadis	-4.57
Japan	195.50-195.45	195.65-195.75	0.25-0.22y p 🎜		0.79-0.75pm	
Austria	18. <b>84-</b> 18.92\	16.84-1 <i>6.</i> 86	21-14 gropm		6 <sup>1</sup> 2-4pm	1,24
Switz.	2,0260-2-0375	2.0330-2.0340	3.85-0.60c pm	3.69	1.92-1.87pm	3.73

diacounts apply to the US dollar and not to the Individual currency. Belgian rate is for convertible france. Financial franc 49.80-49.90.

### EXCHANGE CROSS RATES

Jan 27	2	. 5 ;	DM	YEN	F Fr. 6	S Fr.	H FI.	Lira j	CS	6 Fr.
£	0.719		3.538 2.598	272.3 195.7	10,25 7,365	2.830 2.034	3.77C 2.710	2877	1.955 1.406	68,40 49,15
DM	0.500 3.673	0.417 6.111	12.26	81,57 1000.	3,070 87.64	0.848 10,39	1,130 18,65	582.1 6368	0.587 7,194	20,49 251,2
F Fr. 3 Fr.	0.976 0.353	1.356 0.492	8,257 1,179	265.7 96,20	10. 3,621	2,762	3.579 1.332	2882 804,4	1.911	86,75 24,17
H FL. Ura	0.255 0.489	0.569	0,885 1,466	72,21 119.6	2.718 4,501	0.751 1. <b>24</b> 5	1.656 <sub>1</sub>	603.8 1000.	0.520 0.860	18,14 30,05
CS B Fr.	0.511 1,462	0.710 2.034	1.704 4,879	139.0 398.0	5.232 14.98	1,445 4,157	1,925 5,512	1162, 3528,	2,864	34,99 100.
8 Fr. 1,462 2,034 4,879 898.0! 14,98 4,157 5,512 3588; 2,864: 100. Yes per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.										

### **EURO-CURRENCY INTEREST RATES**

Jan. 27	Short term	7 Days	Month	Three Months	Six   Months	One Year
Sterling	1012-11	111g-114g	18:2-18:6	13.1318	13-131 <sub>8</sub>	12:7-12.
U.S. Dollar	714-715	9818	; ∯Blg	8-B1g	i 6-81s	84.84
Can Dollar	93,-104	10 g-10 a	104-104	1014-1012	10%-10%	i 10.1-10,
D Guilder	54.59	5-2-5:a	5+1.612	5 1 5 5 2	, PH-214	554-51g
Sw. Franc	Ila 1 a	1114.111e	444	4,4	4,44,	4, 4,
Deutschmrk		41g 45g	419.459	4.4.4	458 434	4 4 4
Fr. Franc	9.912	104 11	. 1114-111e	124 154	1819 15	1112.12
talian Lire	18-25	161-19	175g-185g	1816.1878	1679-1746	1578-165
8,Fr.(Fin)	85g-87g	912 934	96 <sub>8</sub> .978	958-978	934 954	914-91 <sub>9</sub>
Br.Fr (Con)		104-104	101e-11		1019-11	919-10
Yen	613.612	7.71g	6, 64	618 612	6-1-6-2	619.614
D. Krone	812.9	819.9	85g-91g	87g.95g	85-94	876.936
Asian & (Sng);		818	8.818	6-61	B <sub>1</sub> - S <sub>1</sub>	8, 8,1

### FINANCIAL **FUTURES**

# **Sterling** prices

tenaed to undermine the currency. On the other hand dealers were nervous that central banks would step in to buy dollars, in an attempt to stem some of the strength of the D-mark, and take pressure off a weaker members of the European Monetary System. The dollar closed at DM 2.4012 in Frankfurt, compared with DM 2.4225 on Friday. Earlier in the day at DM 3.3985, against DM 2.421 previously. There was also no sign of activity by the central bank on the open market.

JAPANESE YEN—Trading range against the dollar in 1985-1986 is 263.15 to 195.70. December average 202.747. Exchange rate index 180.6 against 157.4 vsix months ago.

The yen continued to improve against the dollar, in spite of an expected early cut in the Bank of Japan's discount rate from 5 per cent. The comment by the Japanese Finance Minipaster on Friday about a weakening of the dollar to Y190, was reinforced by a statement from the Governor of the Bank of Japan yesterday. The dollar to Y195.10 in Tokyo, before closing at Y195.70. compared with Y199.50 on Friday. The highest opinit touched during Tokyo trading was Y196.40.

CURRENCY MOVEMENTS

The collars to the strength of their resolve was reflected in the day's overall improvement in sterling based contracts were firmer in the London International Futures Exchange yesterday, reflecting a softer trend in cash rates. Three-month sterling deposits for March delivery opened with 86.64 but rose quickly to around 86.70, paused for a while and then resumed an upward trend to finish as the day's low while a high of \$7.00 was achieved.

Sterling's sharp initial decline failed to unnerve the market and despite continued uncertainty over oil prices and political uncertainty over Westland, prices were marked up, reflecting a softer cash market. The authorities' continued determination to try and avoid another to point touched a veren-year low of the strength of their resolve was reflected in the day's overall improvement in sterling based contracts were firmer in the London International Futures Exchange in Sterling's sharp initial decline failed to unnerve the market and despite continued uncertainty over oil prices and political uncertainty over Westland, prices were marked up, reflecting a softer cash market. The latter was a direct result of the authorities' continued determination to try and avoid another increase in clearing bank base rates and the strength of their resolve was reflected in the day's overall improvement in sterling based instruments. The long gilt for March delivery opened at 107-27 down slightly from 107-30 on Friday but recovered to finish at the day's best levels of 108-04. **CURRENCY MOVEMENTS** 

Morgan Guaranty changes: sverage 1980-1982—100. Bank of England Index (base average 1976—100).

**CURRENCY RATES** 

Jan. 27	Bank rate		European Gurrency Unit
Sterling U.S.F. Canadian S. Austria Sch. Belgian Fr. Danish Kr. Dunish Kr. Guilder French Fr. Lira Norway Kr. Span'n Pta. Swedish K. Swiss Fr. Greek Orch	712 10,33 4 954 7 4 5 912 1559 5 8 912 1559 4 4 912	1.10414 18.6257 64.2243 9.75784 2.64628 2.89001 N/A 216.191 N/A 166.983 8.346191 N/A 168.983 8.346191 N/A	44,2799 7,96922 2,16316 2,44210 6,54649 1473,567 176,232 6,80756 1,83067 132,192 0,715876
<ul> <li>CS/SDR</li> </ul>	rate for	Jan 24-	T <i>.5</i> 5364.

OTHER CURRENCIES

5	Jan 27	£	\$
57 15 1	Aus'alia Brazil Brazil Finland Greece H'kong Iran Luc'burg Malay'as N'Z'land Saudi Ar. Sin'pore S.Af.(Gmi) R. Af. (En)	1,9380-1,9480 16,834-16,329 7,4800-7,4700 200,70-204,70 18,789-16,1588 12,18,70° 0,3985-0,3995 68,35-88,45 2,3910-2,6010 5,0540-5,0590 5,040-5,0590 5,040-5,0590 5,040-5,0590 5,040-5,0590	0.8000.0.8010 11.4025.1.4035 11.760.11.790 5.3880-3.3900 146.60.148.65 7.8060-7.8080 84.35 0.28800.28328 42.10.49.20 2.4530.2.455 1.6760-1.8815 3.6607-3.6511 2.1275-2.1295 2.2870-2.2320 2.9410-3.0305 3.6725-3.6735
		ecallina es	

STERLING INDEX 8.30 am ..... 73.4 9.00 am ..... 73.4 10.00 am ..... 73.4 73.3 73.6 73.9 11.00 am ..... 1.00 pm ..... 2.00 pm ..... 3.00 pm ..... 4.00 pm ..... 73.6

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc Denish Krons German D-mark French Franc Durch Guilder Irish Funt Italian Lira	44.8320 8.12857 2.23840 6.86402 2.55208 0.724578 1820.60	44.2798 7.96922 2.16316 6.54649 2.44210 6.715276 1473.67	-1.23 -1.98 -3.35 -3.17 -3.17 -1.28 -3.09	+1.14 +0.41 -0.99 -0.80 -0.80 +1.09 -1.01	±1.5425 ±1.6421 ±1.1455 ±1.3654 ±1.5762 ±1.6673 ±4.0856
weak c	urrancy. Ac	cu, therefore ijustment calc	ulated by F	inencial Time	s. ————

### **MONEY MARKETS**

# UK rates slightly lower

Interest rates were a little down compared with Friday in very nervous and relatively quiet trading yesterday. The Bank of England's forecast of a £100m surplus in the money market kept short-term rates down while period rates were easier despite sterling's sharp decline. There had been some initial upward movement however with oil price worries and current political uncertainty adding to the market's feeling of discomfort.

While conceding the authorities' success so far in avoiding

While conceding the authorities' success so far in avoiding a further rise in clearing bank base rates, the market was still far from convinced that such a step could still be avoided. Attitudes may well rest on the outcome of next week's Opec meeting and the release of the next set of UK banking statistics. Three-month interbank money finished at 12½-13 per cent compared with 13½-137 per cent compared with 13½-137 per cent compared with 12½-12½ per cent compared with 12½-12½ per cent.

The Bank of England forecast a surplus of around £100m with factors affecting the market including maturing assistance

### MONEY RATES

Jan. 27	Ovr-night	One Month	Two Months	Three Months		in'v'ntio
Frankfurt	4 55 4 66	4 60 4 25	4.504.65	4.56.4.70	4 65 4.70	5.5
Daris		81: 81	8, 8,	B7a-9	81: 9.1	854
Zurich		4 4	-19-10	4 4 4		-
Amsterdam			. <b>–</b>	B : 5 11	56.56	
Tokyo.		5.84375	: =	7,09375		i —
Milan		16-1846	: -	15 g-15lg.	_	: -
Brussell.		926 976	· –	9bg 97g 1	\$1 <sub>2</sub> -\$3 <sub>4</sub>	i —
Diction				: '- ' :	_	

is growing pressure to see interest rates fall with a cut now likely in the Japanese discount rate and a strong D-mark beginlined by their recut acction to ning to cause problems within keep up market short term the European Monetary System.

FT LONDON INTERBANK FIXING Six coonths U.S. dallers offer 81/6 The fixing rates are the arithmetic working day. The banks are National days the national days the market to Peris and Morgan Guaranty Trust

LONDON MONEY RATES

Treasury Bills (sell): one-month 12½ per cent; three months 12½ per cent. Sank Bills (sell): one-month 12½ per cent; three months 12½ per cent. Treasury Bills: Average tander fits at discount — per cent. ECGD Fixed Finance Scheme IV reference date December 4 to January 7 (inclusive): 11.838 per cent. Local authority and Finance Houses seven days' notice, others seven days' notice of sums at seven days' notice 67-6% per cent. Certificates of Tax Deposits (Series 5). Deposits £100,000 and over held under one month 12 per cent one-three months 12½ per cent three-six months 12½ per cent: six-oine months 12½ per cent: unin-12 months 12½ per cent. Under £100,000 11½ per cent from January 14. Deposits held under Series 5 11½ per cent. Deposits withdrawn for cash 7½ per cent.

LONDON D-YEAR 12% NOTIONAL GILT E50,000 32nds of 100% Closs High Lew Pri March 54-43 been bar. June 83-00 83-01 82-28 P Estimated volume 3,018 (6,466) Previous day's open int 3,537 (3,469) Close High Low Prev 108-04 108-04 107-21 107-30 108-26 108-15 108-12 108-23 708-25 — 108-12 108-22 ted volume 2,401 (6,657) Close High Low Prev
Merch 108-04 108-04 167-21 107-30
Juha 108-25 108-15 108-12 108-22
Sept 208-25 108-15 108-12 108-22
Estimated volume 2,401 (6,657)
Previous day's open int 6,873 (7,102)
Besis quote (closn cash price of 13%,
Trassury 2004-08 less equivalent price
of near futures contract) -8 to -3 **CHICAGO** US TREASURY BONDS (CBT) 8% \$100.000 32nds of 100% ### 100,000 Sense of 100%

Close High Low Prev
March 94.43 94-44 94-28 94-35
June 95-09 85-01

Estimated volume 358 (510)

Previous day's open int 1,200 (1,233)

THREE-MONTH STERLING
£500,000 points of 100% US TREASURY BILLS (IMM) \$1m points of 100% E500,000 points of 100%

March 86.95 87.00 86.60 86.94

June 87.95 87.95 67.35 87.25

Supt 88.16 88.10 87.87 97.50

Dec 88.46 88.13 88.22 88.18

March 88.56 88.55 88.40 88.28

June 88.68 88.55 88.55 88.05

Estimated volume 4.399 (7.411)

Provious day's open int 12,078 (11,545)

### Close High Low Prev March 141.90 141.90 140.20 140.50 March June 143.40 141.90 140.20 142.10 March June 143.40

best levels of 108-04. best levels of 108-04.

Both Euro-dollar and US Treasury bond prices were up from Friday hut showed little overall change from opening levels. Trading was confined to a fairly narrow range but sentiment was boosted by reasured speculation. LIFFE E/S OPTIONS E25.000 (cents per £1) boosted by renewed speculation over a possible cut in the Japanese discount rate and the implications of a cut in the US discount rate.

There was little else to influ-

There was little else to influence the market with the next economic statistics not due for release until Thursday. These include US trade figures and leading economic indicators. March Euro-dollars opened at 92.05 and traded within a six point range before finishing at 92.05, up from 92.000 on Friday.

**CURRENCY FUTURES** POUND-S (FOREIGN EXCHANGE) Spot 1-mth. 3-mth. 6-mth. 12-mth. 1,3915 1,3863 1.3747 1,3606 1,3378 INTA-STERLING Se per £

Latest High Low Prev 1.3780 1.3800 1.3720 1.3835 1.3610 1.3640 1.3550 1.3670 1.3490 1.3490 1.3390 1.3630 1.350 1.3350 1.3350 1.3420 LIFFE-STERLING £25,000 \$ per £ Close High Low Prev 1.3757 1.3730 1.3672 1.3835 1.3685 1.3665 1.3545 1.3883 1.3465 — 1.3533 1.3463 — ari vokame 168 (71)

Previous day's open int 2,037 (2,063) Close High Low Previous 0.4186 0.4193 0.4178 0.4144
June 0.423 0.425 0.4225 0.4173
Estimated volume 132 (35)
Previous day's open int 198 (193)

Jan 27 Previou

75.5 75.1 74.7 74.7 74.7 74.3

UK clearing banks base ending rate 124 per cent since January 9

liquidity levels. In fact there

The table below gives the latest available rate of exchange for the pound against various currencies on January 27, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Algeria ....

VALUE OF & STERLING

COUNTRY

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on US dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

CURRENCY

VALUE OF A STERLING

77,1587 8,15 2,2390

COUNTRY

Danish Kroner
E. Garibbean \$
Loog! Franc
U.S. \$
Quetzal
Syll
Peso 3.75 10.2476 1.3915 1.3915 31.35 236.54 5.50 2.5960 Kwanza. E. Caribbean \$ 211,40 2,50 (18) 5.94 2.78 10.8160 5,0160 Reunion Island..... French Franc 10,2475 Hungary. **Forint** 65,4170 Dina<del>r</del> Spa Peseta Taka Barbados S ||Cm| 5.52 |(N/C) 15.43 . I. Krona .. Ind. Rupes Ruplah 69.0350 15.95 1,563,70 118,70,89) 0,4355 1,0990 2,0425(17) 2,276,5 512,38 135,43 Ruplah Risi hraqi Dinar Irish £ Shekel Lira C.F.A. Franc 3.75 1.0 3.75 10.2475 5.75 1.3915 2,276.5 57.46 B. Franc (c) 5495112.6 Jamaica Dollar Yen Jordanian Dinar 2.5730 16,281.6 1.3915 Rudi Arabia... Brunei 🕯 Lev C.F.A. Franc Kyat Burundi Franc G.F.A. Franc Canadian S Spanish Peach Cape V. Eacud Gay. Is S C.F.A. Franc Chilean Peac Renminbi Yuan Col. Beach 512,38 1,9587 209,75 123,84 1,1585 512,38 512,38 251,56 4,4552 ... New Kip ... Lebunete & ... Majuti ... Liberian \$ ... Libyan Dina; ... Swiss Franc 48.56 25.65 3.0860 1.3915 0.4110 2.8300 68.40 209.75 Peseta Sri Lanka ...... Sudan Republic .... Surinam ...... Swaziland ..... (F)238,40 B12,38 512,38 2 najry2 Portugues MG Franc Kwacha Rinngit Ruftyaa 514, so (th 74.51 1,2350 0,7428 (com) 9,10 16,15,84 15,40 12,2175 238,0 5,76 (co) 1,2915 14,077; 45,182,56 How Talwan \$
Tan. Shilling
Baht
C.F.A. Franc Majdive (slands. Majl Republic ... Majta ...... Martinique..... Mauritania ..... - C.F.A. Franc - Maltree Lira - Lacal Franc , Djibouti Franc E. Caribbean \$ Lotal Franc Franch Franc Franch Franc Fugrik E. Carlbbean & Dirham Metical 2,025.0 . Uganda Shiliing 10.2475 10.2475 10.2475 4.66 3.75 13.50 (sg) (A) 57.41 1,3915 176,35 5,0873 1,0895 1.8500 3.4600 6.7100 512.58 2.8500 1.0 12.3175 1.5861 7.4650 Equatoriol Guinea, C.F.A. Franc Ethiopia Ethiopian Birr Faikiand Islands. Faikiand is 2 Farce Islands....... Paikiand is 2 Farce Islands....... Fili 8 Fin land........ Fili 8 3.0950 1,9400 28,44 3.7? 2.50 2.5960 (0:38,77 512,38 1,4303224 S.A. Rand Austalian Dollar Nepalese Rupec Guiden Guiden Venezuela ...... Bolivar Vietnam...... New Dong Virgin Mand U.S., U.S. Dollar (0; 18,10 (16) 1.3915 10,8475 512,58 10,9475 175,0 512,38 Western Sampa .... Samoan Tala (A) \$,0840 10.4250 0.5296 21.66 1.3915 1.3688 (A) 9,5425#8 0.4760 434.75

† Rate is the transfer market (controlled). ‡‡ Now one official rate. (1)Essential goods. (2) Preferențial rate for priority imports such as foodatulis. (4) Preferențial rate for public sector debt and essential imports. (5) Preferențial rate. (6) Frao rate for luxury imports, ramittances of money abroad end foreign travel. (7) Parellei rate. (9) Banknots rates. (10) Rate for exports. (14) Nearly all business transactions. (15) Victnem:—1 new dong equals 10 old dongs. (16) Peru:—1 int. equals 1,000 soles. (17) Israel:—1 new shokel equals 1,000 old shekels. (18) Aruba tlorin:—new currency introduced January 1, 1996.

Paraguay ......... Guarani

### **Company Notices**

### Société Nationale des Chemins de Fer Français

£75,000,000 Guaranteed Floating Rate Notes 1993 (redeemable at the holder's option in 1990)

unconditionally guaranteed, as to payment of principal and interest, by

### The Republic of France

In accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 24th January, 1986 to 24th April, 1986, the Notes will bear interest at the rate of 13 per cent per annum. Coupon No. 10 will therefore be payable at the rate of £169.52 per coupon from 24th April, 1986. S.G. Warburg & Co. Ltd. Agent Bank

IU INTERNATIONAL CAPITAL
CORPORATION N.Y.
USS85.000.000 RETRACTABLE
FLOATING RATE NOTES DUE 1992 ENTE NAZIONALE PER L'ENERGIA ELETTRICA 5 VIA Giorgene Battista Martini ROME (Italie) NOTICE IS HERESY GIVEN that for the interest period commencing 29th January 1986 the Notes will bear interest as the rate of 8 1 and 29th April 1986 against Coupon No 6 will be US\$27.5625 per US\$51.000 Nominal.

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The Ordinary General Meeting of holders of Boating rate mores 1285. Leaving the mores 1285. Leaving the Results of Italy, held on January 20, 1986 has appointed.

Separament representatives: Mine Denine LELU, 107. rue de Rome-75017 PARIS (FRANCE). Mine Denine 1200 PARIS (FRANCE). Separament representatives: Monteur 1200 PARIS (FRANCE).

Separament representatives: Monteur January Person Person CEMMINT, 1581, rue d'Aubervillers, 75010 PARIS (FRANCE). Monteur January I (FRANCE). The faster The faster

BANQUE NATIONALE DE PARIS
USS12,500,000
Floating Rate Notes due 1988
(Serjes B)
Notice is hereby given that the rate
of interest for the period 27th
January 1986 to 28th July 1986 has
been fixed at 8's per cent per
annum. been fixed at 8's per commun.
On 28th July 1986 Interest of US\$211.70 per US\$5.000 nominal amount of the Notes, and US\$2.117.01 per US\$5.000 nominal amount of the Notes will be due against interest Coupon No. 9.
SWISS BANK CORPORATION INTERNATIONAL LIMITED Reference Agent

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# **E** WORLD VALUE OF THE POUND

CURRENCY

Feb Mar April June Sept — 0.40 — 0.70 2.70 — 0.80 — 1.30 2.70 — 0.80 — 2.50 4.50 0.90 4.55 5.70 7.40 9.70 7.30 8.00 8.80 10.40 13.20 12.00 12.70 12.90 14.70 17.00

32 BRITISH FUNDS   AMERICANS—Cont.	1	Financial Times Tuesday January 28 1986
Shorts" (Lives up to Five Years)   1012   99 & Each 11 & 25   25   25   25   25   25   25   25	LONDON SHARE SERVICE	ENGINEERING Continued    Part
10.17 994 [10.18] 10.59 [19.5] 13.75 [2.7] 13.10 [2.7]	190   20   Barnett & Hallam   20s   40   28   316   102   5000 (W. H.J.A.Sto. 242   42   5.0   2.7   3.0   17.8   -29   50   50   Column Republications   88   50   Column Republications   88   50   Column Republications   88   102   150   3.1   19   3.1   19   120   7.8   5.8   102   1.0   1	32 21 Brown (John) 22 35 23 (Janjo Roberto La P) 101 32 7.4 5.2 (102 Baltour) 200 227 +122 (7.1 2.5 4.7 12.3 370 86 Registers (1.6 P) 10p 332nl+4 6.0 \$\phi\$ 2.5 \$\phi\$
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Financial Times Theoday January 22 1996

Linear Land Control of the Control of th Financial Times Tuesday January 28 1986 INVESTMENT TRUSTS—Cont. | 1985 | 1885 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | | PTATURMEN 644 | +1 | 0590d 1.9 | 1.8 435 | +23 | 1040d 4.7 | 2.6 975 | -1.030d - 11.3 708 | +1.3 | 0135c 1.9 | 5.5 587 | +1.7 | 0725 | 0 | 3.5 660 | +1.0 | 1090d 1.4 | 4.0 Central African

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5800.24 | 12 | .... | - - - -07.5c 21 2.4 10195c 31 4.6 0135c 20 -101025c 1.0 5.4 10360c 2.9 2.9 90 .... 612 .... 6104 -17 6541 -11 656 -11 120 -2 490 +2 5513 ... 800 -50 29 +1 650 -20 650 -50 650 -20 410 -410 1004 -4 +1 19360 27 27 27 27 13 12 27 27 15 71 12 12 15 15 71 12 12 15 15 11 12 12 15 15 11 605c ← 18 103c ← 20 103c ← 17 103c ← 17 103c ← 17 103c ← 17 103c ← 13 22 +1 9 +1 28 +1 50 191 128 +7 128 +6 39 +1 165 ..... | 01.55d | 1.5 | 27.4 | 12.0 | 1.9 | ‡ | 680.4 | ..... | 550.16 | \$\phi\$ | 6015 30 ..... 40 +1 60 .... 300 .... 75 ... 130 ... 250 ... 245 ... 245 ... 245 ... 250 ... 250 ... 250 ... 250 ... 1200 2.8 5.0 (9175) Unless otherwise inducated, praces and well desidered are us pence and decommodutors are 250. Estimated pracedearnings rature are useful decommodutors are 250. Estimated pracedearnings rature and covers are based on laces annual reports and account and, where possible, are statuted on half-yearly figures. PLS are calculated on "set" distributions base, carnings per squitzed figures and carned and stretched ACT where applicable; brocketed injures sedants 10 per creat or more utilizence it calculated on "set" distributions. Covers are based on "more distributions. Covers are based on "more figures distributions. Design of "manament" distributions, it could alrev tauxions, excluding extraptional profits/losses but recluding estimated or invasional distributions of the profits/losses but recluding estimated on alreved of distribution and region.

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| 677 | 583 | Ailsa im. | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | 1895 | MINES Eastern Rand

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125 | 164 +11 | 0460d 1.2 | 7.8 REGIONAL & IRISH STOCKS LÉISURE "Recent Issues" and "Rights" Page 30
(International Edition Page 34)

This service is available to every Company dealt in an Stock Exchanges throughout the United Kingdom for a fee of £875 per

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### MARKET REPORT

Account Dealing Dates \*First Deciara Last Account Dealings tions Dealings Day
Ján 13 Jan 23 Jan 24 Feb 3
Jan 27 Feb 6 Feb 7 Feb 17
Feb 10 Feb 20 Feb 21 Max 3

Institutional and US demand for international stocks sent London equities higher throughout the session yesterday. Also a feature on the opening day of the new trading Account was a flurry of speculative support as flurry of speculative support as investors searched for fresh bid candidates following the early announcements of two offers, and of a bid approach. Dawson International, considered to be an outsider among the many groups mentioned as possible suitors for Coats Patons, offered terms which brought consent from the latter's board, while BBA made an agreed offer for 155p.

demand in a thin market. Elsewhere Make Made an agreed offer for Automotive Products.

Currency considerations stimulated investment activity, although sterling railied from the lowest of \$1.3735 to close at \$1.3915, but there were other contributory influences. Commercial rates for credit continued to soften, thus further easing the upward pressure on bank base rates, and crude oil prices were a touch firmer after the call for a full emergency meeting of Opec: Saudi Arabia is not attending the talks currently in progress.

Wall Street's good tone on Friday was another encouragement on a day which could have been a test for the Government; the Prime Minister was due later to give a full account of her role in the embarrassing Westland affair. Equity turnover was not large but persistent demand impinged on a market short of many blue chip industrial issues. Despite five constituents

to the transport of the

**EQUITY GROUPS** 

& SUB-SECTIONS

# Institutional and US support spurs good advance in equities

FT-ACTUARIES SHARE INDICES

the Institute of Actuaries and the Faculty of Actuaries

Mon Jan 27 1986

### FINANCIAL TIMES STOCK INDICES

	Jan. 37		Jan. . 23	Jan. 22		20 )	380 381
Government Secs	80,61	80.74	80,45	80,52	80.56	80,39	78,02
Fixed Interest							
Ordinary	1139,4	1126.2	1120,4	1123,6	1108.7	1106.1	977.9
Gold Mines							
Ord. Div. Yield							
Earnings, Yid. %full)							
P)E Ratio (net) (*)							
Total bargains (Est.!		26,295	25,850	24,748	25,537	25,112	32,419
Equity turnover £m,	_				485.7		
Equity bargains,	_	27,868	24,947	22,626	22,165	22,926	28,771
Shares traded (mi)		325.1	309,3	207.2	215,6	212,0	253,5
	 em 117	 95 Nor	1132	7 1 nm	1134.3.	. 2 om	7135.1.

♠ 10 am 1129.3, 11 am 1129.9, Noon 1132.7, 1 pm 1134.3, 2 pm 1135.1 3 pm 1137.1, 4 pm 1138.6. Day's High 1139.5. Day's low 1128.5. Bests 100 Government Securities 15/10/28. Fixed Interest 1928. Ordinary 17/7/35 Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-245 8026. \*Nil=10.88. S.E. ACTIVITIES

100112 2022 -	_		
1985,56	Since Compilatin	INDICES	Jan. Jan. 24 23
· High   Low	High Low	Daily Bift Edged	
Govt. Secs. 84.57 78.02	(At 1100) (St. 13)	'Equities !	131,4 <sub>,</sub> 137.9 180.6 <sup>1</sup> 161.6
	152011/411 (0.1119)	Value > dayAverage	1331,2   1299,9
	126/8/4Ji	Coulties	142,2 , 143,6
Gold Mines 536.9 217.6 (15/4/85) (5/11/85)	784.7 43.5 (15/2/88) (28/10/71	Rerosine . '	156.2 147.5 1109.3 1074.3
•		· · •	-

Thers Jan 23

Wed Jan 22

Miscellaneous industrial leaders encountered selective demand. Metal Box were prominent at 592p, up 15, while Glaxe, quoted ex the one-for-one scrip issue, hardened 10 more to 830p on currency influences. Boots, reflecting the advance in stores, gained a similar amount to 246p. Elsewhere, Blue Arrow, at 2 25p. responded to Colose at their best levels since July 24 last year.

Chare prices were marked up to 246p. Elsewhere, Blue Arrow, up 13 at 235p. responded to bumper preliminary figures, while Pres mention left Spring Bam 12 dearer at 362p. Buying ahead of Thursday's preliminary statement left Bank Organisa-tion 22 higher at 447p. Prestwich tion 22 higher at 447p. Prestwich staged a noteworthy revival at 116p, up 14, while Stainless Metaleraft, following a newsletter recommendation, advanced 7 to 102p. Renewed bid speculation left Extel 24 to the good at 373p, after 380p, and English China Clays, 13 higher at 282p. Cowan De Groot were supported in front of today's total to the comported of the composition of at 282p. Cowan De Greet were supported in front of today's interim figures and put on 5 to 51p. Occasional buying interest lifted Hepworth Ceramie 7 to 162p, while satisfactory interim figures left Equipus 5 to the good at 189p. Other noteworthy movements included De La Rue, 35 higher at 830p, and Bestwood, 25 up at 345p.

Among television issues, TV South firmed 6 to 172p in reply

Vaal Reefs were the outstanding performer in the leaders and jumped £5½ to £59½, while Rand-fontein gained £3 at £66 and Southwaal £2½ at £31. Among the Cheaper priced issues Elandsrand advanced 50 to 595p. Coas Moderfontein 30 to 365p and Brywoor 25 to 419p.

Financials made good progress in line with Golds, as did Platinums. De Beers featured with a 23 rise to 435p, Anglo American

Automotive Products, a lively market in recent weeks, advanced 42 to 170p following the agreed share-exchange bid from BBA, finally 9 dearer at 175p. The development stimu-lated interest among other Motor lated interest among other Motor Component manufacturers, notably Armstrong Equipment, which rose 4½ more to 88p, and Lucas Industries, 13 dearer at 508p, after 510p, the latter was additionally buoyed by further encouraging views emanating from brokers' visits. Elsewhere, ourrency considerations

to the higher anual profits and increased dividend. Speculative favourite Barr and Wallace Arnold Trust A attracted revived

demand and firmed 5 to 123p.

M and G jumped 50 to 820p as investors showed an increased interest ahead of Thursday's preliminary figures.

Share prices were marked up

at the outset, reflecting good demand in the US on Friday evening and also in the wake of the weakness of sterling. Therethe weakness of sterling. Thereafter, persistent buying from Johannesburg and Continental operators saw quotations stage another sharp advance before the downturn in bullion sparked off a bout of profit-taking. Nevertheless, closing gains were sufficient to lift the Gold Mines index 29.5 to 357.0.

Val Reefs were the outstanding performer in the leaders and

# **EUROPEAN OPTIONS EXCHANGE**

•	Figures in parent stocks	theses show per section		i tec	lez Da	or's i¥iel	1095 49	Gross Div. Yield%	Est. P/E Ratio	म्ब वर्षः 1986	Index	Index	findex	Index	Staged a noteworthy revival at sometimes and the stage of
		•		} 18	o. Che	inge (M	ຂາ [	(ACT#	(Net)	to date	No.	No.	No.	No.	newsletter recommendation, the downturn in bullion sparked advanced 7 to 102p. Renewed bid off a bout of profit-taking. Never-
<del>-</del>	CAPITAL GO	DES (214)		579	81 +1	1   0	-		10/0	<del>}</del>	<del> </del>	1	1	<del> </del>	speculation left Extel 24 to the theless, closing gains were suffi-
2	i Ruikling Mate	risk (24)		1 626	187		.61	3.97 4.37	12.69 11.81	634			574.53 618.41		good at 373p, after 380p, and cient to lift the Gold Mines index English China Clays, 13 higher 29.5 to 357.0.
3	Contracting, C	onstruction	ı (28)	/ 919	55 +8	9	.95	4.58	13.13	1.80	911.34	911.00	919.41	725.76	at 282p. Cowan De Groot were Van Reefs were the outstand-
4	Electricals (13	5) D1		1600   1400			.13   //	4.74	14.28	0.00	1575.98	1572.30	1591.92	1602 14	supported in front of today's ing performer in the leaders and
6	Electronics (3' Mechanical Er	mineering !	(63)	322			.86	3.24 4.53	12.31 11.19	521 0.13	1387.58	316.63	1419.37	1744.82	interim figures and put on 5 to jumped £51 to £59], while Rand-
Š	Metals and Me	tai Formia	g (7)	254	69 -0		65	6.42	14.11	0.80		251.14			51p. Occasional buying interest fontein gained £3 at £66 and lifted Hepworth Ceramic 7 to Southvaal £2 at £31. Among the
9			- 470	227			53	4.03	13.56	0.22	219.96	214.94	216.16	154.90	162p, while satisfactory interim cheaper priced issues Elandsrand
10 21		p Material Recitie (1)	S (22) 871	1070   762			14 73	3.34 3.64	16.71 14.35						figures left Equipu 5 to the good advanced 50 to 595p, Cons Mod-
22	Brewers and D	istillers (2	3)	780			76	3.96	13.10	0.83 1.10	778.91	752.02	752.13		at 189p. Other noteworthy move-derfontein 30 to 365p and
25	Food Manufac	turing ( <i>2</i> 2)		568		.O   10.	61	4.45	12.19	1.10	557.04	556.10	! 559.91	490.02	ments included De La Rue, 35 Blyvoor 25 to 419p.  higher at 830p, and Bestwood, Financials made good progress
26 27	Food Retailing Health and Ho	(14) Hababi De	odusta /ů	1562	.59 +0 .48 +0		<b>છ</b> ∤	2.73	19.17	5.68		1640.66	1653.56	3484.65	25 up at 345p. in line with Golds, as did Plati-
27 29	Leisure (25)			742	.16 +1		82   54	2.58 4.63	19.50 16.91	0.02 2 13	1263.32 731.17	732.11	1233.59 744.74		Among television issues, TV nums. De Beers featured with a
32 33 34	Publishing & P	rinting (13		1576	.08 +1	1   2	55	4.85	14.50	2.36	1855.61		1862.66	1644.78	South firmed 6 to 172p in reply 23 rise to 435p, Angle American
33	Packaging and	Paper (35	)	369	.70  +1 _13  +2		34   33	4.30	12.73			364.45	366.38	311.63	\
35				419	29 +8			2.97 4.10	18,46 10,71	0.00	713.90 416.72				EUROPEAN OPTIONS EXCHANGE
36	Tobaccus (3)		مرووش کا بیس دما	939	.72 +0	3   14,	32 )	4.94	7.92	0.00	936.57			309.76 939.65	
41 42		PS (84)		704	90 +0		72	441	13,49	0.50	701.44	699.61	703.92	662.59	Feb. May Aug. Series Vol. Last Vol. Last Stock
44	Office Equipme	ent (4)	·	216	.17 +0. .86 +4.		34	5.05 4.05	10.10 16.24	2.32 0.12	760.88 207.32				
45	Shipping and T	ransport ()	2)	1349	.74 +0.		58	430	16.34	0.60			270.34 1340.66	163.84	GOLD C \$340: 307 22.60 5 56 & 54 41 \$357.80 GOLD C \$360 201 9.50 214 20 161 28 "
47	Telephone Net	works (2) .		850	20 +0.		69	3.86	14.15	0.00	848.39	845.73	854.67	777.54	[ GOLD C \$380! 768   4,60 B, 106   12,50 A, 167 19
48 49	MICKELISHEORY	(4/) manufac	-	I B/3	49) HL		84	484	15.59	<u> </u>	871.24	858.33	877.61	831.38.	GOLD C \$400, 67 230 109 7 60 13   GOLD P \$320, 60 2
51	01) & Gas (19)	export.	·•••/	11.65	01 +0. 73 +0.		26	7.61	13.69 6.61	0.76	701_A0	698.32	701.11	625.37	GOLD P 8520 50 2 GOLD P 8540 16 1.80 58 5.30 8 GOLD P 8560 3 78 65 14
萝	+	(DEX (500	n	745	.73 TO.			436	12.12	0.70	1139,13	1121.97	1133,36		18
61	FINANCIAL E	ROUP (11	9)	T511	#1 +0			4.73	12.12		738.85 508.60		738.13 513.27		Msr. June Sept.
62	Banks (7)	***************************************	-	522	49 +0	9   17.	67 📗	6.00	7,99		518.08	517.70	528.97	445.31 456.57	E FR C F. 380 177 4 20 39 6 30 19 6 80 Fr 374.25
65 66		es con		1740	381 TU			4.42		0.00	766.93	765.18	773.68	591 <u>1</u> 77	LFR C Fr.385 5 2 20 3.40 8 5 4.50
67	Insurance (Bro	kers) (8) "	·	1256	.00 +1			4.79 3.41	19.53	0.95	407.58	408.42	410.25 1219.93	318.09	AFR C Pr.395 1 1 40 3
68	Insurance (Bro Merchant Bank	s(11)		277	38 -	\ <del>-</del>	- {	3.76		5.00	277.36	277.78	280.42	1125.21 232.38	£FR C Fr.400 38 2.50 2 21 50 27.50 8 2 21 30 27.50 8
69 70	Litoberth (21)	M		[ 647	46 I AP			3.86 4.56	21.69	0.19	640.46	635.84	642.20	624,84	# £/FR P
芳	Investment Tru	ets (103)	<del></del>	647	41 +0.		<del>~</del> }-	3.32	14.55		287.55	288.38	289.36	288.34	1 5/FL C FL865 , 30 9,30 ; - ( - FL87140 )
81	Investment Tro Mining Finance	(3)	******	269	10 +1		B	5.77	936	0.48	641.85 264.82	937.73 759.74	638.49 262.04	599.32 286.40	RELC F1979 68 3 20 520 1 1 1
91	Unerseas Franc	TS (14)		<b>610</b> ,	<u> 10   +0.</u>		Ž.	656	8.62	0.00		598.81	600.11	667.33.	8-FL C FL878; 68 3 20 5.20 ; ; ; 8-FL C FL880 194   1.50 20 4,20 ; ;
99	ALL-SHARE I	(UEX (73	<del>!}</del>	679.	41 +0.	9	<u> </u>	4,40		0.54		669,78		608.62	S/FL C F1.260 194 1.50 20 4.20 — — — — — — — — — — — — — — — — — — —
	{			Inde				Day's [	يعول	Jan	Jan	Jan	Jan	Year	18 6 F F F F F F F F F F F F F F F F F F
_	FT-SE 100 SH	ADE INGE	<del>x</del>	No	Cha	nge Hi	91	LOW (	24	23	22	21_			1 1 1/FLP   F1,280; 84   11,20   51   15,90 A
_				540.	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	0 11400	4 1	336'6 17	1345'0	1352.5	1390.91	1378.1	1378.3	1265,8	#FL P P1385 84 11.20 51 15.90 A
	_					i		AVERA	GE GRO		-1	Silen	Fri	Year	Apr. July Oct.
	F	IXED	INTE	REST	•		1	REPEN	PITON	YIELDS.	. [ ]	Jan 27	Jan	990 1 cale	ABN C FL620: 141 19 , 6 ,26,50 , 4 ,28,50 FL588
_					_				-		1	27	24	(Touch	ABN P F1.560 156 12.50
	PRICE	Won	Day's	Fri	xtiadj.	1		Britist	Govern	ment			<del>t</del>		
	HOICES	, Jan	chance	Jan	today.	1986	1	Low	5	years		10.03	10.04	11.56	AH C F1,90 103 : 3.50 7 (4.20 ' - ) - F1,85,60
_		27	9	24		to tate	2	Composes	: 15 25			10.58	1855	11.20	1 AKZD C FL180 852 ; 4.80 271 7,90 60 10 FL162,18 11
	British Covernme	eti	<del> </del>	<del>                                     </del>		1	4	Medium	. <u> </u>	years		10.59 11.80	10.56 11.78	10.64 12.39	AKZO P FI.160 880 7.50 147 11.50 10 11.50 AMEY C FI.95 91 3 15 5 - Fr.88
1	5 years	114.59	-0.01	116.60		0.94		Coupces	: 15	Je215		11.05	11.43	11.63	IDAMEV P 5185 81 .20 ~ ~
	5-15 years	12664	-0.03	126.69	_	1.09	6	High	25	16275		88.01	18.65	10.97	) Branco et cicus, asta - 2 20 0 820 2 2 2 B)
3	Over 15 years	132.95	-0.18	,	_	0.73		Company	ל. פר :	years		11.95 11.25	11.95	12.53	GIST C FL310 82 ; 7,60 24 15 , FL285
_1	Irredeemables	1	-0.37	146.57	_	0.00	9	' '	25	years		1177	11.23 19.74	11.76 16.99	1 arm a mass se 11 a 6 se
_	All stacks	125.86		125.93	_ '	0.98	10	Irredeer	nables			10.35	10.31	18.49	HEIN C F1,240 120 8 25 10 1 11,60 F1,227 HEIN P F1,200 49 2 20 3
$\overline{}$	intex-Linked	<del></del>	<del> </del>			- <del>5.70</del>		budex-4					╾╼╼┥		HOOG C   FL90 985 4.70 106 6.80 A 100 9 FL 66.10
_ }	5 1975	207-83	-0.18	700 00			17	inflat n	rate 5%		<del>د مر</del> ز	4.74	466	<b>8.0</b>	HOOG P F1.80' 249 2.50 13 4.10 4 5.50 KLM C F1.65,3407 4.80 4 463 6.80 209 8 A F1.65,20
- 1	Over 5 years,	107.15			_	0.00		inflat'n inflat'n	rate 10% rate 10%	Over 5		3.88	3.29	0.0	KLM P FI.60, 402 3.30 22 4.60 49 6.10 NEDL C FI.300 328 12.70 A 1 17 A 2 20 A FI.197
- 1	All stocks	1	+0.28	106.85	-	0.34			rate 10%		)TS	3.70 ) 3.71	3.61 3.73	0.0 1	NEDLP F1800, 219 12,60 1 20
تــــــــــــــــــــــــــــــــــــــ		107.28	+0.20	107.07	_	0.28		Dales &		5 years		2.78			NATING F1.80 416 7.80 1 5 8.80 A 2 10 FL 82
9	Detectores & Licens	108.51	+0.15	108.34	_	0.11	16	Loans	1	جمعور کا		12.78	12.32	12.38 12.29	NATN P F1.80 88 4 42 6 1 5.50 PETR P F7.6090 17 130 F7.6090
	Preference		<del></del>	<del>                                     </del>			17			5 years	<u></u> i	11.77	11.61	12.29	PETR P F1,6000 17 130 17 7 7 6090 PML C P1,60 2938 6,30 171 730 62 9,40 PL 68,60
		80.63	_	\$0.90 I	0.18	0.32		Prefere				12.16	12.18	13.09	NATH C F1.60 416 7.80 5 8.80 A 2 10 F1.62 NATH P F1.80 88 4 42 5 1 5.50 F1.60 90 PETR P F7.6000 17 130 62 9.40 F1.68.60 PHIL C F1.60 8938 6.30 171 7.30 62 9.40 F1.68.60 PHIL P F1.50 6 0.80 703 1.80 — F1.60 618 2.50 277 3.60 142 5.20 F1.166.49 RD C F1.190 414 2.50 277 3.60 142 5.20 F1.166.49 F1.160 518 3.80 170 7.50 38 9
7	Flat yield. Highs a	and lows re	cord, bas	e dates, va	lues and	constitue	nt cha	ages are	cublish	ed in Sate	reter icen	ps. A lies			(
ava	ailable from the	<b>Publishers</b>	, the Fin	ancial Th	nes, Bra	cken Hou	se, C	annon S	treet, L	ondon, E	C4P 4BY	, price	15p, by r	ost 286.	UNIL C F1.400 82 15 12 26 A 4 26 F1.800 UNIL P F1.400 40 21 B
										-					TOTAL YOLUME IN CONTRACTS: 49,111
															A=Ask B=Bid C=Call P=Put

### RECENT ISSUES

Corporation put on ½ to £10½ and "Johnnies" moved up £4 to £74.

Platinums showed Impals 13 up at 708p and Rustenburg 10 to the good at 660p.

UK Financials continued to attract steady support in the wake of the latest strong showing by domestic equities and Rio Tinto-Zinc added 13 at 577p.

Australian Golds staged 2 general advance with gains enhanced by the decline in sterling against the Australian dollar.

In the leading stocks Centra Norseman rose 10 to 378p Poseidon added 9 at 180p and North Kalgarii put on 5 to 49p Second-liners showed Metana 7 up at 149p. Sons of Gwalla 4 better at a 1985-96 high of 1807 and Whim Creek 6 firmer at 128p. Thames Mining added 14 more at a record 204p and Julia Mine bardened a record 204p and Julia Mine bardened a record 1818. Mines hardened a penny to 181;

### Traded Options

additionally buoyed by further encouraging views emanating from brokers' visits. Elsewhere, c u r r e u c y considerations prompted fresh demand for Jaguar, 10 to the good at 366p.

Interest rate uncertainties continued to inhibit the Property cited by the takeover speculation in the underlying shares; the played a selectively firm appearance. C. H. Beazer attracted on Thursday. Beecham, also the fresh demand in the wake of its successful bid for French Kier and rose 6 to 462p. Buying ahead of Thursday's annual results favour and attracted 593 calls lifted Warner Estate 10 to 690p, while a newsletter recommendation helped County Properties rise 4 to 135p.

M and G jumped 50 to 820p as amounted to 15,067.

### RISES AND FALLS

d	1 LG I ERDA				١.
g	British Funds	Rices 18	Felia 54	Same 38	i
0 e e 6 e s.w	Corpns. Dom. and Foreign Bonds Industrists Financial and Props. Oils Plantations Mines Others	8 481 216 24 1 102 116	37 157 41 25 	37 392 315 76 17 79	3
i- It	Totals	946	332	1,536	-

ive average activity was noted following stocks yesterday. Closing Day's price change

echange	Officia	بالأكل أا			1
Stock		No. of hanges	Fri. Cipse	Day's	]
Nestland	-	39	143	+ 20	i
Seecham		38	363	- 3	7
3istillers		35	576	+ 6	1
7		34	408	+25	
1- <b></b> -		32	236	+11	1
	atons	32	236	+11	1
		32 25	228	+ 5	-
monite .		22	70	+ 6	9
140F		22 20	104	- š	6
a		19	37D	+ž i	3
		17	100	- 2	I Canada

1985-6  198	177 0 297 49 64 ch 88	+2	592.5 591.85 F9.5 593.0 593.0	3,1 2,9 2,5	1.6 % 1.5 % 2.5 % 4.8 %	
135   F.P. 9.1   196   174   Ashley (Laural Sp. 187   114   75   310   385   Cable & Wireless St. 985   F.P. 25:1   70   64   420	177 0 297 49 64 ch 88	+2	bg1.85 F9.5 bg2.8 bg3.0	3,1 2,9 2,5 1,9	1.5 M 2.5 H 4.0 H 4.0 H	5. 6. 6. 5.
1118 F.P. — 120 115 Kiearfold inc. 30.01. 105 F.P. 126 1120 Laxicon inc. 30.01. 105 F.P. — 128 112 Macro 4 59 127 F.P. — 134 127 Macro 4 59 128 F.P. 221 1104 91 Microsystems 10 120 F.P. — 1340 233 Resity Useful Grp. 100 F.P. 91 119 108 SAC Intil. 10p 101 F.P. 142 107 90 PSigmex Int 102 F.P. — 308 277 Storehouse 10p 190 F.P. — 103 67 Wyorks.ind.Mos.M	0p 100 0p 60 0p 73 15 162 0. 116 11. 118 	-1 -1 -10 +10 -5	62.1 H2.25 be3.5 be4.7e uG3.46 bg1.0 bg1.78 bg3.0 b11.25 b1.53 uc5.7	1.0 5.0 6.5 4.5 19.5 19.5	7.6 1 5.6 1 6.6 1 7.7 2.6 1 7.1 1 7.6 1 7	

### FIXED INTEREST STOCKS

lesure En 20 e' 1986 price ob tare E		Olosing Orice L
97.208.225 4/4 24/9 99.745.225 11.4 24/9 212	2014 Allied Lon, Props. 18/3 ist Nort. Deb. 203 233; First Scot. Am., 171e% Deb. 2016 87p intl. Inv. Tut. Jersey 13% Cum., Red. Pf 10 Mid Sussex Wir. 84% Red. Pref. 1996, 981e; Nationwide Bidg. 300. 123, 121.137. 36 Rosehaugh Grayonat 113,11 MI Db 2014 3614 T. T. Finance 11,3% Gtd. Deb. 2018	2013 12 24 14 + 14 950- 1014 98 1 + 14 5612 14

### RIGHTS OFFERS

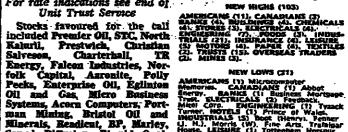
Jesus I		Latest Renunc.	198	5-G	Stock	Buje	+0
buce £	₹₫.	date	High	Low		~ 독교-	
240 1 16 120 365 ;	MIII NIII F.P. F.P. NIII F.F. NIII HIII F.P.	3:5 7:5 7:2 21:2 21:2 21:2 28:1 7:3 7:3 27:3 17:2 25:2	18pm 33pm 140pm 55 295 9pm 123 60pm 131g 26pm 14pm 111	13pm 100pm 49 867 1pm 90 35pm 174 24pm	Cannon St. Inva. 30p Chemring Cnv. Pfd. Ord. 5p. East Rand Prop Goal Petroleum Sp Hogg Robinson	295 295 295 90 60pm	+122 +8 +5

Renunciation data measily test day for dealing from of stamp duty. A Figure brand on prospectus estimates. g Assumed dividend and yield. F-Forecast dividend cover on earnings updated by latest interior statement. If Divident and Yeld beased on prospectus or other official estimates for 1986. I indicate dividends: Cover relates to previous dividends: p/e ratio beased on latest annual assessing. Forecast otherwise indicated. I issued by tender. I Officed holder of ordinary shares as a "rights." I lasued by may of cepitalization. Fiftein price. If Reintroduced. It issued by may of cepitalization marger of telepore. If Allottment price. IS Dealt in timber Rule 538 (3). If Dealt in onder Rule 535 (4) (a). \*\* Units comprising 12 professors shares and one warrant, a CL2 per unit. 11 Units comprising two ordinary, one preference and one warrant.

TRADITIONAL OPTIONS transacted in Underwoods, Acorn
Computers and Sunleigh ElecFirst Last Last For tronics, while doubles were taken First Last Last For Declara Settle out in Readicut and Underwoods.

Jan 20 Jan 31 Apr 24 May 6
Feb 3 Feb 14 May 8 May 19
Feb 17 Feb 28 May 29 June 9
LOWS FOR 1985/86 For rate indications see end of

NEW HIGH\$ (103)





### **LONDON TRADED OPTIONS** May Aug. Feb. May Aug. Tr. 117% 18/107 ("£106) 106 108 110 112 114 24 13 50 18 Option 87 68 45 25 96 77 58 37 | 220 | 37 | 40 | 240 | 24 | 27 | 45 | 5 | 53 | 11 160 125 85 63 18 40 70 64 46 30 18 32 52 38 38 176 160 130 110 92 75 160 140 180 105 5 18 22 30 Feb. May Aug. Feb. May Aug. 52 23 8 1 57 6 40 35 18 63 87 70 40 20 93 59 57 114 94 77 81 28 110 90 70 44 19 57 45 29 18 January 27 Total contracts 15,057 Calls 11,142 Puts 3,926 \*Underlying security price

# WORLD STOCK MARKETS

				110.		CH MIARBE	10	
•	AUSTRIA	GERMANY	I NORWAY [A	AUSTRALIA (continued)	JAPAN (continued)	1	Ind	
`.	Jan. 27 Price +or Song	Jan 27 Price + or Dm. —	]	Price + or Jan. 24 Aust.8 —	Jan. 27 Price + or	NEW YORK JONES	ing)	ices
,	Gredit'nst'ft pp * 2,320 + 30 Geester * 5,700 + 150 Interunfall * 14,100	RACE VERS 3,415 +16	Christiania Bank 177 + 5	en. Prop. Trust 2.16 —0.06 ardle Hames 3.45 artogen Energy 1.8	MKI 370 Mitsui Bank 671 ! - 1 Mitsui 421 + 1	Jan Jan Jan Jan	Jan Jan 1985/88 Since Compilation	Jan. Ja 27 24
	Jungbunzlauer*. 41,500 Laenderbank * 2,610 + 50 Perl moder 710 + 10 Steyr Daimler 168 + 6	Bayer Hypo 560 - 27	Elkew 96,5 10	erald WyTimes 5.24 + 0.04	Mitsui Estate 1,030 +10 Mitsui Toatsu 211 +1 Mitsukoshi 592 +2	27 24 23 22     ledustrate   1,537,51   1,522,33   1,511,24   1,582,23   1,	21 20 High Low High Low 514.45 1.528.13 1565.71 184.96 1567.71 41.22	AUSTRALIA
	Veltacher Mag . 9,500	BHF Bank 530 -5 BMW 622 - 3	Norse Pose	la Ora Gold 0.180,81 Idston Gold 6,86 end Lease 6,580,02	NGK Insulators 906 —13 Nekko Sec 689 +19 Nippon Denso 1.590 +10	Treesport 746,44 738.51 716.37 712.13	715.55 715.51 723.31 553.63 723.31 12.32	All Ord. (1/1/88) (C) 1055 Metals & Minus. (1/1/80) (C) 525
· 14	BELGIUM/LUXEMBOURG	Commerchank 338 +5	Storebrand 267 4	IM	Nippon Elect 1,330 + 20 Nippon Express. 585 + 10 Nippon Gakki 1,600 + 30	1 1 1 1 1	170 88 177.34 179.06 148.54 179.06 10.5	AUSTRIA Credit Aitken (2.1 52: 118.83 116
	8.B.L 2,355 +26	Ocquesa 489 +1	SPAIN	icholas Kiwi 2.8	Nippon Kopaku 1,010 +10 Nippon Kokan 131 Nippon Od 811 +14	Trading vol - 139m 131m	128m Sim	BELGIUM Brussels SE :1-1-80, 2805.86 2754
	Bang, Gen, Lux 11,000 Bang, Int.A.Lux 9,850 - 150 Beksert 8,800 - 100	Dresdner Bank 434	Ban Filtra	orth Bkn Hill 2.72 -0.03 akbridge 1.20 -0.02	Nippon Selko 490 +4 Nippon Shimpan 880 +9 Nippon Steel 158 +1		Jan 10 Jan 3 Year Ago (Approx	DENMARK Copenhagen SE - 3-1-86- 220,53 216.
	Giment CBR	GHR	Boo Central 405 Boo Exterior 220 - 10 Boo Kispano 234 - 20	acific Dufflop _ 2.5 ·	Nippon Sulsan. 341 - 1 Nippon Yusen 300 + 1 Nissan Motor 569 Nissahin Flour 491	led Div Yield No	421 4.11 4.91	FRANCE GAC General (3-1 88) 282.8 27; Ind Tendance (31-12,85) 107,5 100
	Electrobel 11,650 25 Fabrique Nat 2,005 + 20 GB inno BM, 4,600 + 2h	Holzmann (P) 560 -1		ucensiand Coaj 1.45 0.84	Nomura	Jan Jan Jan J	1985/86 Sanca Compilation	GERMANY FAZ Aiktien : \$1-12 58. 685.81 885. Commerzbank (1 12:55) 2868.6 2557
	GBL (Bruk) 2,350 . Generale Bank 4,410 - 20 Gevoert 5,040 - 30	Karstadt	Hidrola	anios	Orient Finance 935 + 28 Orient Leasing . 2,850 + 190 Pioneer 1,900 + 10	27 24 23 22 7 Industrials 228.04° 228.88 225.72 228.88 22		HONG KONG Hang Seng Bank :51 7-64 1744,11 1745,1
	Hoboken 6,060 + 70 intercom 2,975 - 30 Kradictbank 11,025 + 25 Pan Hidga 9,900	Kioeckner 106.5 +3	i w	5.3 amgaa 2.65 -0.05 estern Mining 3.60 -0.05	Ricoh	Composite 287.53" 288.43 284.24 203.49 20		ITALY Benos Comm itsl. 1972 488,88 454,
>	Petrofina 6,090 Royale Beige 19,200 +200	MAN	SWEDEN W	estpac Bank 4,610,64 Oodside Petrol 1.160,81 Oodworths 3,450,18 ormald inti 5,650,18	Sapporo		Jan Dec Year Age (Approx)	JAPAN*** Nikkei 16-5,451 12983,4 1296
	Solvay	Mercades Hid 1,251 - 4 Metaligesell 393 Muench Rueck 3,495 +85 Nixdorf 592 +4	Jan. 27 Kronor — H	IONG KONG	Sharp 952 +17 Shimizu Conetn 354 -1 Shionogi 766 -9	15   1sd after yield 44	8 31 3.48 3.38 4.0	TORYO SE New 4.1.68: 1041,5 1051  NETHERLANDS  ANP.CBS General (1970) 257,1 255
`	Tractionel 4,990 - 10 UCB 5,500 + 80 Wagons Lits 4,650 + 170	Preussag 277 - R	Affa Laval B 251 +1 ASEA (Free) 330 +5 Astra (Free) 630 +7	Jan. 27 Price + or	Shiseido	lad. P/E Ratio	14.61 14.88 10.71 9.32 9.24 11.48	ARP.CBS Indust 1978; 248,5 946
	DENMARK	Rhein West Elect 229.8 +1.0 Rosenthal 345 -5 Schering - 616.0 -5.5 Stemens 886.5 +18.5	[ Cettinicals 12, -1   Ct	ank East Asia 25.40.1	S'tomo Bank 1,590 — 10 5'tomo Chem   240 — 3 5'tomo Corp   765 - +5	W.Y.S.E. ALL COMMON 1985	##\$ES AND FALLS  Joh Joh Joh 24 23 22	NORWAY Obio SE 4   35
•	Jan. 27 Price + or	Thyssen	Eriesson B 234 · +10 Ev Essette 465 Hs Mo och Domaio. 189 —1	rergo 0.60 0.05 [	S'tomo Elect 874 +8 S'tomo Metal 139 +2 Taise Corp 326 -6 Taisho Marine 512 +16	27 24 23 22 High Low 115.45 155.25 118.54 117.76 126.56 94.66	Issues waded 1,984 2,008 2,002	Straits Times (86'12'66' 601,15 596.
	Andelsbanken 381 +6 Battlez Skand 545 Cop Handelsbink 307 +4	V.E.W	Saab Scanla Free 540	China Gas 13.8 +0.3 Electric 8.8   Kowloon Wh. 7.2	Talyo Kobe Bank 690 Takeda 985 + 5 TDK 4,420 + 180	118/12/85 (4/1/85)	Rises 7,138 798 531 Felts 448 750 1.051 Unchanged 410 480 420	JSE Gold -28 9-78 - 1255 JSE Indust -28 9-78 - 1097
	D. Sukkerlab 400 +5 Donsko Bank 357 +5 De Donkse Luft. 1.480	STALY Price + or	Skan Enskilda 80 Hi SKF 306 +4 Hi	(Telephone 167 l	Teigln 470 Tca, Nenryo (1,160 Tokal Bank 1975 + 5 Tokio Marine 845		ited 1500 Actives	SPAIN Madrid SE -30:12:85: 188,76 198,1
	Forenede Brygg, 905 Forenede Damp, 219	Jan. 27 Ura — Banco Com'is 19.980 —20	Stora Kopparbrg 163 2 ] int Sven Hundlesbn 255 + 5 ] Ja Swedish Match 248 1   No	tol, City 0,97 Idine Math 12,8	Tokyo Elect Pwr 2,930 —10 Tokyo Gas 302 —4 Tokyo Coro	Stocks 3.66p.st. Change Traded Price on Day Southern	Tracked Price on Day  God' St. Dt 1,954,606 14 1/2	SWEDEN Jacobson & P (31 12:56) 1794,23 1765. SWITZERLAND
	LS.S.B	Bastogi-IRBS 498 -31 Centrale 4,080 +30 C.I.R. 5,680 +30 Credito Italiano 3,298 +23	Volvo B (Free) 356 +I Or	ient O'seas 1,99 IK Props 12,2 ' Iell Elect 0,99 '	Toppan Print 999 + 18 Toray 503 -2 Toshiba Elect 580 + 10	Republic	Fin Cp Ass	Swiss BankCon(31,12 58) 585,5 581
`	Novo Inds	Flat	SWITZERLAND	orld int. Hidgs. 2.50 -0.05	Toyo Seikan 1,740 + 10 Toyota Motor 1,240 UBE Inda	Mer Lyuch 1,122,388 38% — 1% Advances 946 Declines 654	Seers Res 969,488 32% + 1%	M.S. Capital Intl. (1/1/79: - 254.
	Sophus Berend 915 Superios 297 +9	La Rinascente 935 +13   Montedison 2,728 +18   Olivetti 9,450 +25	f amount Greet And	PAN	Victor 2,150 +150 Yamaha 689 +9 Yamaichi Sec 686 +2 Y'manouchiPhm'5,030 _60	TURONTO	Jan Jan 1985/85 23 22 High Low	}
		Pirelii Co	Alusulase		Yamazaki	Matsk, & Minks 2,227.3° 2,285.34 2, Compasite 2,828.1° 2,810.1 2,	154.6 2,161.3 2258.7 (16/1/85) 1740.82 (\$1/10/85) 173.3 2,798.8 2980.6 (31/12/85) 2348.5 (B/1/85)	Base value of all indices is 100, of JSE Industria[264.3: Australia All On 50; Standard and Pours—10, and You
	Jan. 27 Price . + or	Toro Assic 27,4101,090	Ciba Geigy	nomoto 1,190 Nippon Air 802 17 as Electric 2,000 +100	SINGAPORE Jan. 27 Price + or	ANDATTERAL Portfolio 138,57° 137.67 13 * Indicates pre-close Signer	35.77   134.26   142.07(17/12/85)   117.88 (4/1/85)	Indices based 1975 and Mantreal Industrials plus 40 Utilities, 40 u Unavailable.
	Emprunt 44% 1975 1,560 +80 Emprunt 7% 1975 7,842 + 72 Accor	NETHERLANDS Jan. 27 Price + or	Flycher (Geo.) 1,230 30 Ass Hoff-Roche PtCts 154,500 +2,000 Bar	ahi Chem	S Boustaad Hidos 1.95 +0.68			
	BIG. 531 -14 Bongrain 1,710 +60	AOF Holding 897 / ~1.5	Jacobs Suchard 7,325. +60   Bro	other Inds 581 +6	Cold Storage 8.32 +0.04 DBB 4.72 +0.08 Genting 4.22	NORTH	I AMERICAN O	HARTERIVE
_	Bouygues	AEGON 113 -0.5 Ahald 83.5 -0.2 AKZO 162,1 -0.9	Nestia	ugai Pharm 947 · -1 lei	Haw Par. Bros 1.72 +0.04 Hong Leong Fin 2.11 -0.19 Inchappe Bhd 1.52 +0.02 Keppel Shipyard 0.88 -0.88		AMERICAN	
	Club Mediter'n 495.5 +0.5 Cle Bancaire 921 +30 Cofimey 369.9 +5.9	AMEV	Sandoz (Br) 11,000 Da Sandoz (Pt Cta) 1,785 +5 Da Schindler (PtCta) 845 +10 Da	Nippon Ptg 1,310 +10	Keppel Shipyard 0.880.85 Malay Banking 4.240.02 Malay Utd. Ind 1.25 Multi Purpose 0.480.81	AIR PRODUCTS & CHEMICALS Industrial gases	BECTON DICKERSON Pharmaconticals	FPL ORCUP Utilly, Insurance
	Damart 1,898 +53	Bredero Cert	Surveillance A 5,640 +90 Ein Swisseir 2,085 +55 Far	al,	0080	First quarter 1985-96 1984-85 \$	First quarter 1985-88 1954-88 \$ \$	Fourth quarter 1985 198
	Dumez S.A 1,265 +76 Entra Ge Gen) 985 +17 Elf-Aquitane 1969 Essilor 2,200	Calland Higs	Swiss Reinsce 15,500: +500 Fuj Swiss Volksbk 2,650 +10 Fuj	i Fim	Sime Darby 1.45 +0.04 Singapore Press. 5.85 +0.10 Straits Trog 2.02 -0.04	Revenue	Revenue	Revenue
	Gen.Occidentale 805 + 12 imetal 82,9 + 1.7	Fokker	Winterthur 5,050 100   Fig   Zurick ins 5,875 79   Gre	//tsu 1,070	Tet Lee Bk 2,00	AMERIADA HEES		Year 4.25bn 3.94b Net profits
·	Legrand 2,930 + 30	Hoogovens	Hit	wa Real Est 809 +8 schi	OUTH AFRICA Price ! + or Jan. 27 Rand -	OR Fourth quarter 1965 1964	BRIGGS & STRATTON Swall engines, locks	Net per share 3.11 2.6
	Matra S.A 1,661 : -44   Michelin B 1,870 +85	KNP	Price + or Indi	L Sk. Japan 1 050   +20    kawajima Hr.   105   +4	beroom 2.45 +0.05	8 8 Revenue 1.98bn 1.98ba	Second quarter 1985-86 1984-85   \$ \$   \$   \$   \$   \$   \$   \$   \$   \$	QUILF CANADA Qui and gas
	Moet-Hennessy 2,459 + 39 Moulinex 55,60	Ned Mid Bank 221 - 3	ANZ Group 4.55 -0.65 Itol	1 (Cj 429   +2	ullied Tech 53 -1 unglo Am. Cozal 55 unglo Am. Corp 43.25 +1.50 unglo Am. Gold 236 +6	Net per share	Net profits	Fourth quarter 1985 198 8 3 Revenue
	Perrier 604 +4	Ommeren (Van) 34.8 ~ 0.1 Pakhoed 80.6 ~ 1.6	Aust Cons. Ind 3.08 +0.02 Just Aust Guarantee 2.65	ma	arcrays sanc 21.250.25   Barlow Rand 15 +0.3	Reveste	Revenue	Net profits
÷ ]	Pol goot S.A 679 Prir temps (Au.) 456 +11	Dellana . 74.4 . 0.4 [	APM	vasaki Steel 140 ( + 2 ) ( 765 : + 12 )	NA Gallo	† Loss reflects \$432.7m Charge	Net per shere 0.59 0.85	Revenue
***	Redoute	Royal Dutch	Bond Corp Hidge: 2.13 — 0.87 Kon Borel - 3.32 + 0.62 Kon Bougainville - 2.15 — 0.86 Kon	1811 493, +B	e Beer	ARSICO Steels	FALCON BRIDGE Notale	IMPERIAL OL
•	Skis Rossignol	VMF Stork 288	Brambles inds 4.6 Bridge Oil 2.15 B. H. Prop	750 , -1 H	old Fields S.A 43 +2.5 lighveld Steet '5.9 ledbank 8.750.15 K Bazzars 13.50	Fourth quarter 1985 1984 5 5 5	Fourth quester 1985 1984 C\$ C\$	Oil and gas Fourth quester 1985 198
į	Valeo	West Utr Bank 94.5; ~ 3	CSR 3.65 Mar	ta Seika 545 — 3	rotes Hidgs 2.8	Reserve 988.2m 988.2m Net profits	Net profits	C\$ C\$ Revenue
	NOTES—Prices on this paintividual exchanges and are	est traded private of People on	Coles (C.J.) 4.47 +0.51 MEI Comalco "A" 2.00 -0.55 M'b Consolidated Pet 0.22 M'b	1,330 +30 kg	afren 15 +0.25	Net profits	Year Revenue	Not per share,
	suspended, and Ex dividend. and ex Ex sil. Price in Schillings.	C Ex scrip lesue. xr Ex rights.	Costain Aust 2.15 — 0.05 [M'bi Eiders IXI 5.14 — 0.01 [M'bi	ishi Gorp 602 +7   1   1   1   1   1   1   1   1   1	A Brews	Net per silere 0.69 †4.65 †Loss	Net per shere	Revenue
			<del> </del>	<del></del>	<del></del>		<del></del>	
•	OVER-THE-	COUNTER	Nasdaq national market, 2.30	pm prices		T/1_ C		- Trackson -1-
	Stock Sales High Low Lax	et Ching Struck Sales High	h Low Lass Chang Stock Sales	High Law Last Ching' Stock	Sales High Low Last Cleng	Fly fif	st class on the	e Lastern sh

	1 Z/	24	] 23	1 22	Z1	] 24	լողբա	LOSE	l Lide	Um					
Industrials	1,537.51	1,529.83	1.511.24	1.582.75	1,514.4	5 1.529.1	1565.7 (7/1/86		1 <b>567</b> .71		AUSTRALIA Ali Ord. (1/188) Motals & Minus. (1/1,80)	۰۵۱ ۱۵۱	1052,8 529,4	1069.9 536.9	1065 543
Trensport	746,44	73891	715.37	71213	715.5	7154	723.31 18/12/8	553.83 S4/1/85	723.31 118/12/15	12.32 (8/7/32)	AUSTRIA Credit Airken (2.1 52)	119.83		121,19	123
Utilities	172.55	171.21	179.09	183.47	170,8	8 1724	179.06 (7/1/86			10.5 (28/4/42)	SELGIUM Brussels SE : 1:1:80:	2809.66	2794,70	2799.86	2817
justing vol	<u> </u>	<u> </u>	:39 <del>-</del>	131m	1234	854	<u>'                                    </u>	1-	<u>l -</u>	<u> </u>	DENMARK Copenhagen SE - 3-1-86-	220,55	215,49	214,62	215
			1	Jac 17	( )	en 10	Jan	3	Year Age (	Approx (	FRANCE				
ad Div Yish	đ 46	bane-tara		4.15	_	4.21	4.1	, _	4.5	-	CAC General (3-1 88)	282.8		271,5	271
TANDARD	AND POOR	<del></del>									Ind Tendance (\$1-12,85)	197.5	106, 1	102,4	102
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	340	, Jac	Jan	J <sub>age</sub>	.lan	Jan	1985	/86_	Seace Co	mplation	GERMANY FAZ Aiktien :51-12 58.	665,81	685,67	655.65	676.
	27	24	23	22	21	26	High	ļú;	High,	Low	Commerzbank (1 12:55)	2068.6	2057.6 	1968, 8	2944
ndustrials.	229,04*	221,82	225.72	229.88	227.74	225,39	237.02 (7/1/98)	128.24  4/1/85	237.02 (7/1/86)	3.62 (30/6/32)	HONG KONG Hang Seng Bank :51 7:64.	1744,11	1745,80	1762,29	1757
amposite:	287.53*	ZB1,43	204.24	203,49	205.71		213.89 (7/1/88)	163.68 (4/1/85)	213,80 (7/1/85)	4.40 (1/6/32)	ITALY Bence Comm Ital, (1972)	452,88	454,67	-(4)	477
	ــــــــــــــــــــــــــــــــــــــ	<b></b>	<del>'</del>		Τ	Jan B	Dec 31	· T	Tear Age (	forms.	JAPAN**   Nikkei : 16:5:45:   Takyo SE New :4:1:68:	12953,4 1041,8		12888,9 1026,69	1292 1027
ad. P/E Ra	% 60 and Yield			3,45 14,66 8,47	1 1	3.45 4.61 9,32	3.3 14.8 9.2	8	4.0 10.7 11.4	1	NETHERLANDS ANP.CBS General : 1970; ANP.CBS Indust : 1978;	257,) 248,5	255,5 246,5	252,4 246,4	261 251
N.Y.S.E. AL	T COMMO						HISE	S AND H	LILS.		NORWAY Osio SE :4   35	580,93	380,72	376,45	876.
	ا معل 24 عدد 24 عدد	,5an 22	High	1985 Low	<del>.</del> _			Jan 24	Jan 23	<b>Jan</b> 22	SINGAPORE Straits Times :88'12:68:	601,15	696.45	588,41	588,
	1.32 (18.)		126,95 (18/12/8	84,6	8 Ri 159 Fa	tues tradi tes dis		1,984 1,136 448 410	2,008 798 750 460	2.002 531 1.051 420	SOUTH AFRICA JSE Gold -28.9-78- JSE Indust -28.9-78-	<del>-</del>	1253.0 1087.2	1257.1	1269 1092
		<u> </u>	NYSE-	Consol	dated	1589 /	Actives				SPAIN Madrid SE -30 12 65:	108,76	109.85	110.01	111,5
	_	Streia Traded	Prince		Ξy		Ts	acion Indus	Price		SWEDEN Jacobson & P (31 19:55)	1794,23	1765,59	1747.91	1766
Southern Republic Yvesty Air .	1	,090,300 ,365,100 ,345,000	154	. ce	la fia Ver Mark	K St. Ct Cp. Aca Mai	1,54 1,63	54,60 <b>6</b> 41,500 52,106	14 12% 29%	- 1/2 + 3/4 - 1/2	SWITZERLAND Swies BankCohi 31: 12:58)	585,5	581.1	568.5	586
يعمل عول	7 1 1 146 Decis	122,35		- 5		anio Mine lers Ries		96,498 99,488	25 to 32%	+ ½ + 1%	WORLD M.S. Capital Intl. (1/1/78)	<u> </u>	254.4	248.8	250
TURONTO						·	1	196	5/B6		Saturday Jan	uary 25:	<b>Jap</b> an	Nicker	12.95
(Q) Q			Japan	100	مطر	Japa 22	<del> </del>		<del>,</del> -		}				
164	est. & Minis		27 2.227.3°	24	23 2.854.6			(16/1/86)	+	(\$7/10/85)	Base value of all indu JSE Industrial264.3: Au:	ces is 16	00, exce	pt: Brus	SDIS Biot
	Compesite		2,828.11	2,810.1	2,773.3	2.758.8	2990,6	(31/12/6	2348.5	(B/1/85)	50: Standard and Poors- Indices based 1975 an	—10. ans	1 Yorqu	to Comp	Daite
HONTEAL			138,57°	137.67	135.77	134,26	142,07	11/12/8	117.8	8 (4/1/85)	Industrials plus 40 U u Unavailable	tilities,	40 Fir	ancials	and
' İnglicates	pre-cione i	îgu <del>e</del>								1	ų Ungvalladie,				

	Jan. 27	Jan. 24	Jan. 23	Jan. 22	1985 Kigh	.06 Low
AUSTRALIA Ali Ord. (1/1-88) Metais & Minis. (1/1,80)	رق، دو،	1052.8 523.4	1068.9 556.9	1069,8 545,5	1068,0-22 1-86+ 585.8 -20 5+	715.3 (7 ) 562.5 (7.1
AUSTRIA Credit Aitken (2.1 \$2)	118,43	119,73	121,19	123,02	126,82,15-1-25,	50,21 (24/1
BELGIUM Brussels SE : 1:1:80:	2809.86	2794,70	2739.86	2817.35	2986.56 (25-11)	2006.7:18:1
DENMARK Copenhagen SE : 5'1-86'	220,65	215,49	214.62	215,64	257.78 12:1 66:	158.44 (8:1
FRANCE CAC General (3-1 88) Ind Tendance (31-12,85)	282.8 197.5	277,3 106,1	271,8 102,4		287,8 .27 1/86; 108,2 :8 1.86;	
GERMANY FAZ Aiktien (51/12 58) Commerzbank (1 12:55)	665.81 2068.8	885,87 2057,6	655.65 1968, 8		716,76-15:1-86: 2181,8:15.1-86:	
HONG KONG Hang Seng Bank :51 7:64.	1744,11	1745,80	1762,29	1757,94	1826.64 :0·j.86	1220,74.2 1
ITALY Bence Comm Ital, (1972)	452,88	454,67	,ett	477,08	489,47-21-1 86-	228,56 /2 1
JAPAN** Nikkei (16:5.45) Tokyo SE New (4:1-68)	12983,4 1041,8	12964.2 1051.15			13156,9-4-1;85- 1057,55   10-7:	
NETHERLANDS ANP.CBS General : 1970; ANP.CBS Indust: 1978;	257, ) 248,5	255,5 246,5	252,4 246,4	261.0 251,7	287,9 18 7 85 255,3:17 1 86	185,5 /3·1 147,9 ,3 1
NORWAY Osio SE :4   35	580,93	380,72	376,45	876,97	412,88 (12,11)	268,18 ·2·1
SINGAPORE Straits Times :\$6'12:66'	601,15	696.45	588,41	19,882	852,65 (7 3)	583,41-23.1
SOUTH AFRICA ISE Gold -28.9-78- ISE Indust -28.9-78-	<del>.</del>	1253.0 1087.2	1257.1 1095.1		1279.0.21 1 86. 1112,6:9,1.86:	829,5 (5:1 767,1 (7:1
SPAIN Madrid SE -30-12-65:	108,76	109.85	110.01	111,25	118,11-20 1:86-	100,0-68-12
SWEDEN Rocobson & P (31 19:56)	1794,23	1765,59	1747.91	1766.62	1907,25-0-1 86-	1286.32 -9
SWITZERLAND Swies BankConi31; 12 58)	585,5	581.1	568,3	586.6	625,5 18.1:86.	388,7 (5:1
WORLD M.S. Capital Intl. (1/1/70)		254.4	248.8	250.4	259.0 -7-1:88,	184,5 :4-1

### **RESULTS**

ASR PRODUCTS & CH Industrial gases	ENICALS		BECTON DICKINSON Pharmacouticals			FPL QROUP Utility, insurance			LOUISIANA-PACIFIC Forest products		
First quarter	1985-56	1984-85	First quarter	1985-86	1984-85 \$	Fourth quester	1985	1984	Fourth quarter	1985	1984
Revenue Net per share	34.4m	43\$.5m 32.1m 1.06	Net per share	18.8m	253.1m 14,5m 0.70	Revenue	1.03bn 48.9m 0.41	904.1m 67m 0.57	Revenue	312.6m 5.4m 0.15	283.7m 1.95m 0.05
AMERADA HEES OR			SRIGGS & STRATTON Small engines, locks			Not profits	37 <u>2.2</u> m 3.11	3.940n 302.7 <sub>fb</sub> 2.62	Net per share	1,200n 25,5m 0,72	42 tm 1,19
Fourth quarter	1965 \$	1964 \$	Second quester	1985-86	1984-85	GULF CANADA QE and gas			PRIME COMPUTER Computer systems		
Revenue		1.96ba 13.97m 10.06	Net per share	11m	197m 10.8z 0.75	Fourth quarter	1985	1984	Fourth quarter	1985 \$ 209.9m	1984 \$ 170.8m
Revealse	†260.5m	8.35bn 170,5m 2.01	Six months Revenue	9.9m	331.7m 12.2m 0.85	Het profits	94m 0.41	79m 0.35	Net profits Net per share Year	17.5m 9.36	14.8m 0.31
† Loss reflects \$432.7m	charge					Net profits	339m 1.49	300m 1.35	Net profits	769.7m 57.8m 1.20	642,8m 59,7m 1.25
Araico Steels			FALCON BRIDGE Metals			IMPERIAL OIL	•		TRANSAMERICA		
.Fourth quarter	1985	1984	Fourth quester	1985		Oil and ges			Financial services		
Reverse	863.9m 10,4m 0.12	968.2m 164.5m 11.00	Revenue	. <b>7.6</b> m	9m	Pourits quester  Revenue	1985 C\$ 2.25bs 245m	1984 CS 2.32bn 169m	Reyence	1985 \$ 1,56bn 42,3m 0.60	1984 \$ 1.41bn 50.2m 0.77
Revenue	3.736a 55m 0.69	4.00bn †295en †4.65	Revenue  Net profits  Het per shere  * Excludes \$51.5m gain	38.5m 0.95	<b>*28.7</b> m	Year Revenue Net profits Met per share	1.51 8.81bn 634m 3.00	1,05 8.75bn 533m 3,32	Year Postore Not profits Net per share	6.57bs 145,8m 2,15	5.4bn 171.5m 2.84

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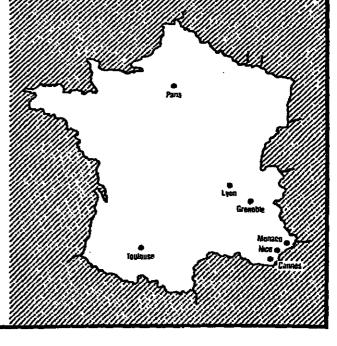
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MATTH P15. 898 MATTH P15. 499 VIMANIA P1 \*#PAPENAR FRANKSPORTERS SETERIOR SETERI is service of the ser Continued on Page 37

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# COMPOSITE CLOSING PRICES

# AMEX COMPOSITE CLOSING PRICES

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# **FINANCIAL TIMES** WORLD STOCK MARKETS

**WALL STREET** 

# Twin-edged impact of oil price fall

THE SLIDE in world oil prices continued to spur Wall Street ahead yesterday, writes Terry Byland in New York.

Airline stocks extended last week's gains, and industrials moved up smartly at mid-session. Banking issues, however, suffered further losses, on growing nervousness for the impact on energy loan portfolios of weaker oil prices.

Reports that Japan plans to cut its dis-count rate soon brought gains in federal bonds, although retail investors kept out of the market ahead of today's State of the Union address to Congress by Presi-

dent Reagan. At the close the Dow Jones industrial average was up 7.68 at 1,537.61.
Gains in the stock markets, ranging

from rail and technology issues to the retail sectors, reflected expectations that the benefits of lower oil prices will spread across the economy. But a notable laggard was IBM, which turned off on the news that it plans to issue debt, convertible into Intel stock, a move seen as a reversal of optimism towards the

At \$149%, IBM shed \$%. Intel dipped \$1% to \$27%. Other technology issues led the market forward, Digital Equipment

1982

STOCK WARKET MIDICES

Jan 27

1.537.04\*

747,15°

172.50\*

207.53\*

1,405.0

679.41

10.77

1.139.4 1.126.2

200

NEW YORK

LONDON

TOKYO

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

BELGIUM

CANADA

DENMARK

FRANCE CAC Gen

ind. Tendence

**FAZ-Aktier** 

HONG KONG

Hang Seng

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

ITALY Banca Comm.

NORWAY Osio SE

SINGAPORE

JSE Golds JSE Industrials

Madrid SE

SWITZERLAND

Swiss Bank Indi

(London) Silver (spot fixing)

Copper (cash)

London

Zürich

Paris (fixing)

SWEDEN

JEP

SPAIN

SOUTH AFRICA

Commerzbank

Belgien SE

Toronto Metals & Minis

Credit Aktien

FT Ord

FT-SE 100

FT-A All-share

FT-A Long gilt

DJ industrials

DJ Transport

S&P Composite

Standard & Poors 500

1983

739.91

171.21

206.43

1,392.0

673.39

327.5

12,983.14 12,904.20 11,785.10

1,041,30 1,031,15 921.72

529,4

2,809,86 2,794,70 2,126,04

2,227.3° 2,205.34 2,145.5 2,828.1° 2,810.1 2,547.8

106.1

685.01 683.67 392.17 2,068.6 2,057.6 1,139.3

1,744.11 1,745.8 1,373.91

459.88 477.09 254.81

255.5

246.5

1,253.0

1,087.2

108.76 108.88 110.63

1,794.23 1,765.59 ·1,411.57

581.1

249.8

Jan 27 452\_10p

Jan 27 \$355.125

\$358.875

\$362,96

\$363,50

£2,611.50

£1,028.50 £1,014.00

585.5

254.4

COMMODITIES

GOLD (per ounce)

380.72 318.57

137.67 128.40

106.9

156.6

962.5 833.0

409.8

194.3

Prev 444,10p

\$23.75

\$353,75

\$356.58

\$355.00

£2,552.00

138,57\*

107.3

closed 1,052,9

119.83 118.73

10.74

1.529.93 1.276.06

1984

606,73

148.18

177.35

977.9

608.62

10.84

1.288.0

bounding \$2% to \$154%, Honeywell \$1%

to \$75% and Burroughs \$1% to \$66%.
Rail issues, likely to benefit quickly form a renewed upswing in the US economy, were featured by gains of \$1% to \$34% in CSX, of \$1% to \$80% in Norfolk & Southern and of \$1 to \$49% in Union

The potential impact on the US banking system of collapsing oil prices again unsettled financial issues. Wall Street's oil analysts rule out the possibility that any major bank would be allowed to fail because of bad domestic or Third World energy loans. But bank profits could be hit by increased loan reserves and write-

Another round of selling left Chase Manhattan down \$1% at \$69%, Bankers Trust down \$1% at \$67% and J. P. Morgan down \$1 at \$60%.

Once again Citicorp held steady at \$44% bolstered by the success of its consumer side. Merrill Lynch fell \$1% to \$38% in heavy turnover after the trading

statement.
Airline stocks soared again, reflecting both the potential benefits of lower fuel prices and also expectations of another round of merger moves as the industry continues to reshape itself. Heavy trading in Republic Air, including block trad-ing, left the stock unchanged at \$15%, in line with the \$17 a share acquisition terms from Northwest Air. At \$48%,

Northwest added \$1%.

Delta rose \$1 to \$43% in brisk trading, while United edged up \$% to \$55%.

Heavy turnover in Pan Am, an identified takeover target, lifted the stock \$% to \$8%, close to the all-time peak.

Oils were easier as the implications of lower crude prices were analysed on Wall Street, and turned easier following

MV

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1,394

273,25 10.365

2.8525

3.805

69.15

4%s 4'%s 12%

8% 8% 7% 7.90 7.15

991 8.119

9815 9.05

101% 9.226 104% 9.43

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8.79 8.52 8.13

9.70

Prev

100% 10.19

7.77

2,303,5

Jan 1986

Jan 27

1.3915

2.4185 3.3375

24185 196.0 272.25 7.435 10.2475 2.0465 2.63 779 3.77

1,652.5 2,276.5

US DOLLAR

195.7 7.385 2.0335

2.7095

1,636.0

3-month US\$ 6-month US\$
US Fed Funds

Previous

INTEREST RATES

US BONDS

8.05

9.11

Day's change

+0.42

+0.29

+0.18

+0.86

10,19

100%2

983 1/22 102 1/42 1057/42

138.21

134.94

129.75

149.93

Price 100%

104%

102%

11.80 Feb 2013 108.248 10.85 108.248 10.85

12½ Dec 2012 107.484 11.35 107.484 11.35

FINANCIAL FUTURES

84-14 84-16 84-00 83-20

93,20 93.20 93.16 93,15

1993

1995

8X

T & TA

10% June 1990

3% July 1990 8% May 2000

10% May 1993

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

LONDON

US Treasury Bills (IMBI)

Diamond Shamrock

Federated Dept Stores

10% May 2013 100,634

KEY MARKET MONITORS

results from Mobil, which eased \$\% to \$29. Exxon, brushing off a court rejection of its appeal against a \$2bn fine, added \$% to \$51%.

The much-battered retail sector also responded to the restoration of optimism. Sears gained \$1% to \$38%, J. C. Penney \$1% to \$57% and, on the American Stock Exchange, BAT Industries, the UK group which has just reshuffled its US store interests, added \$% to \$4%.

A batch of corporate results found favourable reception, although the analysts remained unenthusiastic about the overall trend of US industry's performance in the final quarter of last year. Merck, the pharmaceutical leader, which features in the Dow industrials

list, gained \$1% to \$136% in minimal turnover after disclosing higher profits. The credit markets remained firm. Prospects for an early cut in discount rate or a general easing in the Fed's credit stance have receded and nervousness over inflation is balanced by the

slide in oil prices. Short-term rates were little changed, despite a federal funds rate below 8 per cent and technical aid from the Fed, which made three-day system repur-

The bond market grew increasingly optimistic as it awaited the President's State of the Union message. Long dated issues added half a point.

LONDON

# Institutions and the US lend support

A FLURRY of speculative support for fresh bid candidates combined with strong institutional and US demand for internationals in London yesterday, pushing prices higher.

Dawson International, 22p lower at 206p, offered terms for Coats Patons which received assent from the latter's board. Coats ended 17p higher at 220p. Investment activity was stimulated by a raily in sterling from the day's low of

\$1.3735, the easing of upward pressure on bank base rates and a slightly firmer crude oil price. Turnover was not large but persistent

demand impinged on a market short of many blue chip industrials. The FT Ordinary share index closed up 13.2 at 1,139.4, only 10 points short of then January 3 record of 1,149.6.

A short supply of index-linked gilts as-sured gains of around % while longs lost

Chief price changes, Page 35, Details, Page 34, Share information service, Pages 32–33.

### **SINGAPORE**

FOREIGN institutions sought bargains in a moderately dull Singapore, pushing prices marginally higher. The Straits Times index added 4.70 to 601.13. Pan-Electric announced the resigna-

tion of Mr William H. Crafter, chairman in charge of the debt-ridden company's marine operations. Blue chips were the most popular is-

sues of the session with Singapore Airlines 6 cents higher at S\$5.00 after much investor interest.

Banks ended mixed to higher. DBS gained 6 cents to S\$4.72 and OCBC rose 5 cents to S\$7.00 but Malayan Banking eased 2 cents to S\$4.24.

### HONG KONG

THE RUN-UP to the Chinese New Year continued to have a dampening affect on sentiment in Hong Kong and investors remained on the sidelines, seemingly storing up their enthusiasm for the fes-

The Hang Seng index shed 1.69 to 1,744.11 on turnover of HK\$178.58m against HK\$231.60 on Friday.

Property issues were mostly lower, with Hongkong Land below its key HK\$8.50 support level, dropping 5 cents to HK\$6.45. Elsewhere, Cheung Kong and Hongkong Wharf were steady at HK\$20.30, and HK\$7.20 respectively.

In the other sectors, China Light added 20 cents to HK\$16.30, Hongkong Gas 30 cents to HK\$13.80 while Hang Seng Bank slipped 50 cents to HK\$47.50 and Hongkong Bank 5 cents to HK\$7.95.

### CANADA

THE RALLY begun late last week in Toronto continued yesterday as stocks traded higher.

Gulf Canada, leader of the active issues for the past four sessions, was again sought after ending steady at C\$20%. The company said testing confirmed major oil reserves in the Beaufort Sea.

Mitel was unchanged at C\$7% after the British Government conditionally approved British Telecom's takeover of the company.

### **SOUTH AFRICA**

AFTER an early surge in response to the sharply higher gold price, most shares eased back in Johannesburg to end off the peaks for the day.

Gold shares, however, ended sharply higher. Vaal Reefs added R14 to R246, Harties gained 85 cents to R14.25, Buf-fels rose R3.50 to R88.50 and Driefontein advanced R2 to R54.50.

Mining houses and other mining sectors followed the trend. Anglo American, South Africa's largest mining house, added R1.50 to R43.50 while Free State Geduld gained R5 to R72.

TOKYO

# Blue chips rise on yen green light

UTILITIES, oils and trading houses advanced in Tokyo yesterday, with inves-

vanced in Tokyo yesterday, with investors encouraged by the yen's sharp upsurge, but slackened later, urites Shigeo Nishiwaki of Jiji Press.

Blue chips, especially electricals, remained popular throughout the day along with incentive backed issues. Biotechnologies and budget-affected stocks were respected. were neglected.

The Nikkei average added 29.77 to 12,983.14 on volume totalling 301.87m shares compared with 317.56m on Friday. Gainers outpaced losers 444 to 343 with 169 issues unchanged.

The yen's jump to a seven-year high convinced investors that Japan would cut the official discount rate even without a similar move by the US.

This and the recent fall in crude oil prices pushed Tokyo Electric Power Y60 higher on massive buying to reach Y3,000 for the first time. But the rally later lost steam and the stock ended Y10 lower at Y2,930. A leading broker said Tokyo Electric Power would need pur-chases by institutional investors and

non-residents to remain above Y3,000. Other utilities fell back after rising early in the session, Kansai Electric Power lost Y30 to Y2,080 and Tokyo Gas Y4 to Y302. Oils registered only minor

Among blue chips, Hitachi advanced Y27 to Y785, while JVC shot up Y150 to Y2,150 and Alps Electric Y100 to Y2,000. Matsushita Electric Industrial rose Y30 to Y1.330.

Many investors doubted that the popularity of blue chips would be sustained. Although the semiconductor supply-demand situation has improved a little, friction between Japan and the US over microchip trade and the yen's advance is eroding the export environment, they

Credit companies also rose, with Nip-pon Shinpan gaining Y9 to Y830 and Hi-tachi Credit soaring Y80 to Y1,340.

Mitsubishi Estate was the busiest issue with 22.90m shares changing hands. But according to a Nomura Securities of-ficial, more than 11m of them were sold by a business to improve its profit before closing annual books in March. The issue registered only a moderate increase of Y10 to Y1,100.

Yamanouchi Pharmaceutical plunged

Y60 to Y3,030 and Green Cross closed Y20 lower at Y2,010. Bond prices firmed in the morning,

but fell later, cancelling the gains made last week in anticipation of the discount rate reduction. Speculative trading by brokerages and bank dealers in the 6.2 per cent government bond due in July 1995 pushed the yield down sharply from 5.505 per cent to 5.410 per cent at one stage, but it then picked up to 5.500 per cent. Other issues were sold massively with yields rising by 0.06 to 0.08

**EUROPE** 

# **Tentative** movement forward

TENTATIVE STEPS forward were made on European bourses yesterday although investors kept glancing over their shoulders at the restless foreign

exchange markets and the fall in the world oil price.

Frankfurt was plagued by thin trading that exaggerated the price movements of some key shares and boosted the midsession calculation of the Commerzbank

index 11.0 to 2,068.6. Electricals stole the show. Siemens surged DM 16.50 to DM 826.50 while AEG, mindful of the deadline on the Daimler offer, sprinted DM 15.90 to DM 307.90. The Cartel Office indicated yesterday that some asset disposals might be necessary if the takeover by the car

group is to proceed. Daimler is offering to pay AEG's consortium bank shareholders DM 170 per nominal DM 50 shares to gain a stake in

the company of just over 30 per cent. Daimler lost DM 4 to DM 1.413. Retailers took a bashing with Kar-stadt DM 14 lower at DM 348 and Horten DM 10 cheaper at DM 205. Kaufhof managed to curtail its loss to only DM 2 to DM 389.

Lufthansa derived some inspiration from the current reality of lower, and the distant prospect of still cheaper, oil prices. The national carrier soared DM 12 to DM 297.

Among the banks, Dresdner held unchanged, despite a higher dividend, at DM 434, Commerzbank firmed DM 5 to DM 338 and Bayerische Vereinsbank

dipped DM 2 to DM 533.

Bonds encountered lively trading with rise of up to 45 basis points although isolated falls of 5 basis points were recorded. Bundesbank intervention amounted to sales of DM 76.7m of paper compared with sales of DM 74.1m on

Amsterdam was dominated by a waitand-see approach that characterises many Monday sessions. The weaker US dollar had virtually no impact. The ANP-CBS index added 1.6 to 257.1.

KLM managed a Fl 2.60 gain to Fl 63.20 on oil-related optimism while Philips firmed 40 cents to F1 62.30 on further enthusiasm from domestic and foregin investors over the group's prospects for ()

Akzo was marked down 90 cents to F1 162.10 after the weekend decision by the Reagan Administration to uphold an im-port ban on some of the fibres group's

The bond market was largely unchanged with only a few issues attracting attention with some uncertainty stemming from the course of domestic interest rates and the unsettling prospects of lower Dutch state revenue as a result of the fall in the oil price.

Paris displayed a firm undertone part-ly aided by sustained domestic demand. Credit Foncier de France was the star performer with its 9 per cent jump to FFr 1,135 while Peugeot, which catapulted 16 per cent higher on Friday held unchanged at FFr 697.

Construction group Screg was suspended at its Friday quote of FFr 118.10 pending an announcement while Bouy-gues derived more Channel Tunnel benefit with a FFr 15 gain to FFr 1,025.

Brussels was led broadly higher by chemical group Solvay which jumped BFr 150 to BFr 6,290 while tourism issue Wagons-Lits rebounded BFr 170 to BFr 4,650 on rekindled rumours of a merger with Club Med of France.

Petrofina reversed early weakness to finish unchanged at BFr 6,090 despite the volatile oil market.

Zurich held most of its ground despite the unsettled currencies market, al-though Swissair was lifted SFr 35 to SFr 2.025. Nestlé was bought SFr 175 higher to SFr 8,700 while Jacobs Suchard added only SFr 50 to SFr 7,325. Among mixed financials, Zurich Insurance lost SFr 75 to SFr 5,875.

Strong institutional buying bouyed Stockholm. Ericsson gained SKr 10 to SKr 234 while Pharmacia and Fermenta put on SKr 3 to SKr 178 and SKr 2 to

SKr 303 respectively.

Milan reversed early weakness.

47 Electrical and Electronic companies, 2 Freight Forwarding agencies, 6 Printers and Publishers, 3 Haulage companies, 10 Computer companies, 22 Business and Secretarial services, 4 Packers, 2 Robotic Engineering companies, 25 Mechanical Engineering works, 15 Precision Engineering groups...and a man who makes printed circuit boards.\*

Glenrothes has over thirty years experience of above are but a small proportion of those for business development.

Over thirty years of providing a sound indusfor the community-the businesses mentioned

establishing an infrastructure that makes sense enjoying all the benefits of a continual association with Glenrothes Development Corporation.

\*With support from Glenrothes Development trial base for the widest range of companies has Corporation Michael Conway has set up his own resulted in a continual pattern of successful growth company C. B. Circuits, to produce printed circuit boards.







# **SECTION III** FINANCIAL TIMES SURVEY

# ENERGY EFFICIENCY

The UK government is determined to stamp out waste. Its campaign is matched by a wealth of new equipment and techniques for cutting costs.



By Maurice Samuelson

WHEN NEWSPAPER headlines spoke ominously a few years ago of "oil price fears," readers automatically expected new shocks whenever they drove to the filling station. Today, identical headlines inspire the opposite feeling.

Today's fears belong not to the consumers but to the pro-ducers as they see oil prices fall through the psychologicallyimportant barrier of \$20 a barrel. Although the Organisation of Petroleum Exporting Countries (Opec) still holds its regular ministerial meetings, it seems powerless to do more than conduct a painful retreat now that supply is so far in excess of demand.

In Britain, suddenly the energy-saving league—by elimi-world's fourth biggest oil pro-ducer but still not a member of worth 17bn a year, in its energy Opec, the fears centre on the spending.

the British people are being subjected to the heaviest barsubjected to the heaviest bar-rage of energy efficiency propaganda mounted by any government since the 1974 oil and the abundance of oil. Con-

top gear by declaring that 1986 by coal and nuclear, and the pressed in appeals to is "Energy Efficiency Year," cuts in energy demand caused more for your monergy." and by deploying all the latest by industrial recession. The new motto, equ techniques of television, press and billboard advertising.

to raise Britain from the bottom to the top of the international

Even before Mr Walker's But energy consumers canlatest campaign, he and his not afford to rest on their
equally unflagging Parliamenlaurels: oil prices still remain
laurels: oil prices still rem

government since the 1974 oil price explosion.

Mr Peter Walker, the most energetic and conservation and efficiency policies have already played an important part in easing the world energy since Mr Tony Benn, the development of alternative has moved his campaign into has moved his campaign into by coal and nuclear, and the switch from the urgent "Save It" slogans to fuel supplies, replacement of oil sophisticated use of energy, expressed in appeals to "Get

identifies his own interest with cheaper energy prices.

In these circumstances, therefore, it seems ironical that the society.

The seems ironical that the society.

The seems will not last indefinitely. The International Energy Agency predicts oil supply discruptions in the 1990s similar to those in the 1970s, and in the next decade Britain's newly-developed North Sea reserves will rapidly start to decline.

Efficiency levels have been boosted by the emergence of energy management as a recognised management as a recognised management as a recognised management as a management as management as a 
tionist philosophy, sees the Government's role mainly in terms of creating a climate in

That is why in the 11 years to 1983, Britain's economic growth rate was in the 19th place among the 22 members of the among the 22 members of the Organisation for Economic Co-

of industrial recession.

The new motto, equating petitors in Western Europe.

Efficiency levels have been financial gain with lower energy While Western Europe's coosted by the emergence of use, sums up the hard commer average national economic

management to meet tough in-ternational competition. 11 years to 1983 we improved our energy efficiency by 24.7 Mr Walker, working within the constraints of the present Tapan achieved," Mr Walker

which business can solve its own problems. So far, he claims, business has failed to respond satisfactorily.

Inan two-thirds of what Japan had achieved, and it had also failen further behind countries such as the US and France.

By making such points Wr

Organisation for Economic Cooperation and Development unchallenged. Mr Walker has
(OECD).

Britain's performance was the IEA and in Britain itself, Britain's performance was the IEA and in Britain itself, particularly poor, he complains, for his department's high compared with its closest comprofile over energy efficiency, as

tones in last November's otherwise complimentary report by the House of Commons Exercises non-interven-by, sees the In industry, the UK's effici-ble mainly in ency improvement was less g a climate in than two-thirds of what Value wise complimentary report by the House of Commons Energy Select Committee on the work of the Energy Efficiency Office.

a much more substantial Government involvement in energy saving, was immediately welcomed by the privately-funded Association for the Conservation of Energy as "a blueprint" for achieving Mr Walker's £7bn a year saving

But while warmly welcoming the Energy Efficiency Office's strong publicity efforts, the MPs noted that the Government profile over energy efficiency, as was itself responsible for a reflected in the efforts of its large proportion of energy used two-year-old Energy Efficiency of the UK, and said that the Office. But Opposition politicians question what will happen once all departments to that goal." Among its recommendations were calls for:

hard figures to demonstrate real public issue.

backed energy survey schemes,

domestic and other sectors: The report, which called for More investment in efficiency measures to help those who suffer fuel poverty;

Removing the bias in favour of investment in new power supplies at the expense of measures;

 Encouraging the energy utilities to do more, possibly obliging them by law to help all consumers to efficiency.

The last proposal appears to be inspired by some of the initiatives shown by private power suppliers in other coun-

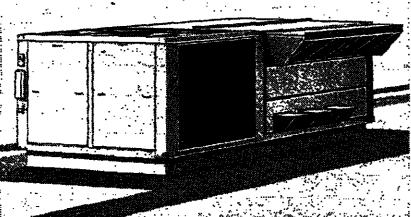
As the debate about how to regulate a privatised UK gas industry unfolds, the obligations of the fuel utilities to promote energy efficiency in the national Publication by the EEO of interest may yet become

HELPING BUSINESS MAKE MORE OF ITS ENERGY

# Electricity welcomes Energy

In many situations, electricity effic-iently used is the most cost-effective way to meet the energy needs of British ing its product. business. Furthermore, the substitution It has identified numerous opporof declining resources of oil and gas by making use of the more abundant supplies of coal and nuclear fuels is inherent in

tunities for businesses to save money and benefit in other ways by using electricity.



conservation policy, provided the benefits outweigh the costs - and they frequently do via the electrical route.

"We do not encourage the change to electricity for the sake of it and it has always been our way to show how energy can be used efficiently," says Jack Taylor, Central Director Marketing at the Electricity Council "We encourage energy efficient applications which make sound commercial sense, and getting more for your Monergy is of the essence in the propositions we make."

Heat pumps produce on average 21/2 times more energy than they consume. Two main factors are central to the

effectiveness in many commercial appli-

equation that proves electricity's cost-

have made possible systems and devices iencies. that are more energy-efficient, coupled with sophisticated methods to control the

amount of electricity actually used. A judicious selection of the right tariff, customers.

Such commercial realism is the key-note of the industry's strategy for market-bility and high efficiency of electricity, can often make it a more attractive proposition than other forms of energy. There are also other benefits such as improved productivity, lower maintenance and improved working conditions.

Heat pumps, heat exchangers, night storage heaters, more efficient lighting, instantaneous water heaters and automatic control systems are some of the main ways in which commercial users are taking advantage of technical advances to cut their overall energy costs.

For instance, the versatile heat pump, which produces on average 2½ times more energy than it consumes, can be

used for space heating and cooling, water heating and air dehumidification.

The Tesco superstore at West Thurrock, Essex, is one of the newest examples of an all-electric building that is saving its owners thousands of pounds annually through heat recovery via heat pumps and other energy-efficient

The latest slimline storage heaters frequently offer the businessman a cost-effective heating system. They have an iron oxide core giving nearly 70 per cent greater heat capacity than earlier models. Automatic controls that compensate for changing weather conditions, coupled with damper control, can cut consump-

cations:

First, a choice of tariffs that can mean big savings, especially for users of low-price, night-tate electricity.

Secondly technical and the content of the conte tion considerably. Secondly, technical advances that boilers operate at low loadings and effic-

> For many businesses in 1986, switching to electricity could be the way to cut costs and improve conditions for staff and

and the second s

# Efficiency built-in at all-electric superstore

Tesco's all-electric superstore at Lake-side, West Thurrock, will save thousands

The West Thurrock store's building of pounds a year through energy-saving features built into the store when it was

The biggest saving projected to be up it is connected via leased telephone lines. The system controls and monitors a

other Tesco stores of equivalent size, number of vital functions such as heating, comes from a water-to-water heat pump. lighting, ventilation and cooling, and This machine, the only one of its type in a retail store in Britain, recovers the heat extracted from refrigerated food displays and cold rooms and uses it to warm ancillary areas and provide hot water.

Numerous other energy-saving features, including an automatic building services management system, are cutting costs by a further £5,000 a year, making it a model of energy-efficiency for Energy Efficiency Year.

### Impressive efficiency

Heating and cooling of 6,100 square metres of sales area in the West Thurrock store is provided by six rooftop air-to-air packaged heat pumps. This is a med and tested system for Tesco as nearly 200 heat pumps have been installed at their stores all of them controlled automatically to

similar type available only a few years ago.

services management system is supervised by a central processing unit at Tesco's head office, Cheshunt, with which

ensures that the store gets the maximum

Lighting is automatically switched on and off or reduced in non-trading hours from head office. At customer entrances and exits, a combination of lobbies, air curtain heaters and automatic doors helps to form an 'airlock' to keep out cold air (or hot air in the Even simple devices to cut the loss of

cold air from meat chillers and freezers help to keep energy costs down. An innovation is the use of micropro-

cessor-controlled compressor packs of differing outputs for refrigeration plant, enabling compressor output to more accurately match the actual load.

Tesco's long-term interest in energy conservation may also benefit other retailers. In February 1985 it was awarded a £90,000 Government grant for a two-year project that could help save millions of pounds a year in heating and lighting costs. Ten Tesco stores have been futed with with monitoring meters to provide dayto-day information on energy consumption that could mean much more accurate control over electricity and gas costs.

Energy-efficiency measures at Tesco stores throughout Britain are estimated to be saving £2 million a year. The group's total energy bill in the last financial year was about £20 million.

benefit from the power consumed.

Lighting costs are reduced by the use of energy efficient fluorescent tubes with a efficient all-electric solutions to energy With their low energy costs, Tesco are high light output - double that of tubes of a needs in the retail trade.

Name	 	 
Position		 
Company/Address		 
	 •	

\_Postcode.

Please send the coupon to: Electricity Publications, PO Box 2, Central Way,

# Co-ordinated response to oil disruptions

### International efforts

MAURICE SAMUELSON

ALTHOUGH Britain's energy efficiency efforts are promoted in the national interest, they are also part of a co-ordinated international response launched in 1974 to the first big escala-

The International Energy Agency, formed in that year, supported those who constantly established a framework for complain about the Govern-safeguarding the industrialised ment's refusal to draw up an non - Communist countries against disruptions in vital oil supplies by a mixture of fuel sharing, expansion of alter-native resources, and by rais-ing their all-round efficiency in fuel use.

Each year, the Paris-based agency reviews its 21 members collective progress and submits each of them to the equivalent consumption on of an annual school report. The document is an antidote against either cynicism about what has been achieved or complacency about how much remains to be

done.

Last year's report on IEA countries' energy policies and programmes credited them with making "considerable progress" in the agency's first decade. It said they had "strongly reduced" their dependence on oil by improving efficiency of energy use, particularly oil, by substituting other energy sources for oil, other energy sources for oil, and by increasing domestic energy production.

Between 1973 and 1983, the ratio between total primary energy requirements and the Gross Domestic Product for IEA countries fell by 19 per cent.
The ratio of oil use to GDP—
the so-called oil intensity—fell
by a dramatic 32 per cent in the same period.

The report noted there was currently surplus production capacity for all forms of energy, reflecting the fall in IEA countries total primary energy requirements while major new production sources had come on stream.

But it warned that despite the impressive progress, oil would continue to be the most important single energy source for IEA countries until the end

achieve further major improve—other measures, such as cavity ments in the efficiency with wall insulation."

Which energy is used and 2

It also commended the fact major expansion in the producmajor expansion in the produc-tion of energy resources, they could once again become vulnerable to oil supply disrup-tions in the 1990s, similar to those of 1973-74 and 1979-80." The risk would be increased

The risk would be increased if the present easy energy and oil markets led to a relaxation of efforts to promote the efficient use of energy and development of alternatives to

The section on Britzin gently explicit national energy policy and its preference for letting market forces have free play.

Reminding the country that long-range forecasts are a precondition for international co-

Britain's energy primary fuel basis

345 312

operation, the report added:
"The UK stands alone among
IEA countries in this
approach." Unlike the UK,
other countries considered forecasts of energy balance a valu-able guide for planning for both the public and private sectors. Turning specifically to Britain's conservation policies.

the IEA noted that they placed less reliance on subsidies than many other IEA countries. But the creation of the Energy Efficiency Office, it added, "has provided a new momentum to conservation policy, which stands out when compared with the relative stagnation of con-servation policy in many other countries in 1983 and 1984." Noting that Britain subsi-

dised the insulation of domestic lofts and hot water tanks, the It also commended the fact

that Britain's fuel efficiency improvement target for new passenger cars for 1985 had been surpassed more than a year early. But it found a weakness in British policy in the delay in introducing energy labelling of non-heating appliances.

In its recommendations to the British Government the IRA called for a thorough evaluation of the effectiveness of its energy ticular, it urged:

Continuing the programme of demonstrations, publicity and training, for industrial energy efficienccy.

Speedy introduction of effective labelling and consumer

education for appliances.

Consideration of further steps for promoting efficiency mea-sures in homes and for private car fuel efficiency in the light of its early attainment of its 1985

Although the IEA report prowides the basis for comparing Britain's energy efficiency record with other countries, readers are left to draw their own conclusions and make their own analyses. Among those to undertake

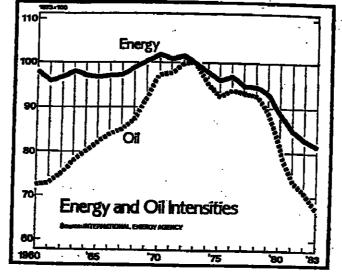
such a task last year was Prof George Ray of the National Institute for Economic and Social Research author of a report for the Joint Energy Programme of the Policy Studies Institute and the Royal Institute of International Affairs. author Research Comparing the UK record with that of seven other IEA countries as well as France (a non-IEA member), Prof Ray concluded that the UK "fits quite well into the overall picture and her place in the "league" of energy savers is

respectable.

Many measures taken in other countries had also been applied to some extent in the UK, too. Nevertheless, he drew attention to points which had received less attention in the UK than elsewhere.

Financial incentives offered a countries elsewhere included:

countries elsewhere included: Austria's special incentives for heat recovery, combined for heat recovery, combine heat and power and biomass;



Changes in UK consumption 1966-84

Use of energy by final users according to type of fuel: (bn therms)

Gas	4.2 21.6 22.8	6.2 27.2 17.8	12.1 27.2 11.8	15.4 27.0 9.0	16.9 22.8 7.2	17.4 2.7 6.2
All fuels	53.6	<b>58.0</b>	58.5	59.1	54.3	7.7 <b>54.8</b> F
Buildings—	1966	1970	1974	1978	1982	1984
	Petroleum Solid fuels Electricity All fuels Use of energy by final use (bn therms)	Petroleum 21.0 Solid fuels 22.8 Electricity 5.2 All fuels 53.6 Use of energy by final users acc (bn therms)	Petroleum	Petroleum 21.0 27.2 27.2 27.2 Solid fuels 22.8 17.8 11.8 Electricity 5.2 6.6 7.2 All fuels 52.6 58.0 58.5 Use of energy by final users according to cas (bn therms)	Petroleum	Petroleum 21.9 27.2 27.2 27.8 22.8 Solid fuels 22.8 17.8 11.8 9.0 7.2 Electricity 52.6 6 7.2 7.7 7.4 All fuels 52.6 58.0 58.5 59.1 54.3 Use of energy by final users according to consuming section therms)

\* Excluding fuels used for transport.
† Lucluding fuels for heating industrial building Including fuels used for transport in public administration.

Source: Department of Energy annual disease of statistics.

oil and use of waste heat, • Italian support for the installation of solar panels and heat pumps, and grants for small-scale hydro electric plants and the purchase of electric cars; ● US credits and "regulatory" incentives to help the introduction of energy production from

 New Zealand's graduated sales tax on cars based on engine capacity; and Australia's exemption from tax of all nonoil heating appliances. Other countries also gave higher status than Britain to the appointment of energy managers. In Japan, every plant consuming the equivalent of 12m units of electricity a Energy year was obliged to have a qualified energy manager.

Prof Ray is especially critical of the low priority, especially in comparison with Denmark,

conservation, the switch from power schemes which exploit waste power station heat for district heating.

1966 1970 1974 1978 1982 1984

Endowed with large-scale indigenous fuel supplies, the UK also lagged behind other countries in its development of renewable sources of energy for the post-oil era.

He concludes with a two-point warning to Britain against letting other countries make the running in the search for new energy resources: any major new energy project takes a long time to materialise, and measures taken in the mean-time could prolong Britain's present relative abundance of

Energy Policies and Programmer of IEA Countries, 1984
Review, IEA, 2, rue Andre
Pascal, 75775 Paris Cedex 16,
France (June 1985); Energy
Management, Can We Learn
From Others? by George F.
Ray Joint Energy Programme: for IEA countries until the end IEA says: "Significant further benefits could be gained from Denmark's grants of up to ment and electricity supply Ray, Joint Energy Programme; Unless the IEA countries expansion of the subsidies to 40 per cent of investment in industry to combined heat and Gower Publishing, price £18.50.

# Suppliers join campaign to promote economy

possible. But the fuel suppliers principle of feeding the coal on have also pinned their colours to the mast of energy efficiency, despite their vested interest in maximising sales.

Commission In Ingaly as principle of feeding the coal on to a churning bed of red hot was and or ash, which traps the fuel's impurities and prevents them escaping into the

In Britain, this is evident in the prominence given to energy efficiency by the big three energy utilities—gaz, electricity and coal—all of which have been profoundly affected by the oil price explosions of the 1070s.

The chairmen of the British Gas Corporation, Electricity Council and National Coal Board all sit on a panel of advisers, together with oil industry chiefs, set up by Mr Peter Walker as part of his national energy-saving crusade.

Their organisations faithfully append Mr Walker's "Monergy slogans on their sales propa-ganda just as, a few years back, they keenly adopted Mr Tony Benn's "Save It" motto.

heating technology for industry, for public buildings and houses. Coal, together with nuclear power, has been the chief replacement for oil, having been endorsed as the primary fuel for power stations. In the home central heating market natural gas has consolidated its strong sition, although electricity is

making a modest comeback. In other markets, however, there is far more fluidity, as coal, gas and electricity all scramble to replace oil—now regarded as too expensive for industrial steam-raising and space heating.

In so doing they have tried to play a substantial part in

to play a substantial part in improving the equipment needed to cut their customers' fuel consumption and so help to keep them in business. Strengthened by the outcome of the miners' strike, the National Coal Board has been particularly active in encourag-

particularly active in encouraging revolutionary ways of burning coal. The aim has been not merely to atress efficiency but to overcome the physical and environmental disadvantages of the physical in marking to all one of the physical and environmental disadvantages of

Transformations have also occurred in the handling of coal and ash, thanks mainly to the wider use of pneumatic delivery and removal systems. The lorries delivering the coal can now "pump" it, like oil, into a bunker, and remove the ash

in a similar way. The proof that coal has been accepted as a "clean" fuel is the high number of companies with environmentally sensitive products, such as pharmaceu-

> Fuels **MAURICE SAMUELSON**

The activities of the gas industry over the past 13 years dwarf those of the Government itself. Besides its national educational and publicity programmes, it has pioneered improvements in combustion and heating technology for industry, for public buildings and houses.

Coal together with nuclear turned in coal are several large. turned to coal are several large plants of Imperial Chemical Industries; Sterling Organics, part of Sterling Drug, Dista Products; Boots and Ciba Geigy. Since most boilers have a life

new coal-fired boilers is not a decision which companies make kind is being run in the 122 lightly, especially in today's showrooms of Eastern Electri-harsh economic climate. Most of city, and monitored by the them take advantage of the Energy Department.

Covernment's grants covering

The industry is also trying

steam-raising and space heating

is going to continue.

The NCB expects the upsurge of orders to continue through the 1990s when a large number of oil and gas-fired boilers, installed in the 1960s will come to the end of their working lives and will need to be replaced.

coal in relation to oil and gas.

In coal combustion, the main

advance has been the develop
and natural gas for those remote control.

IT IS the users of energy who ment in the past five or six markets which have a choice of benefit most from doing so as years of fluidised bed either. These are mainly space efficiently and frugally as combustion. It is based on the heating and light industries which use plastics.

The efficiency with which electricity can be used is evident in such established techniques as microwaves, radio frequency and induction heating. In smaller homes, electric storage heaters, coupled with night time tariffs, are claimed to be cheaper than gas central

Heat pumps, which deliver up to three times as much energy as they consume, are also being heavily promoted by the electricity industry, although gas-fired versions are also available.

Mr Philip Jones, chairman of the Electricity Council, has suggested that although elec-tricity also competes with coal for the space heating market, the two industries could form "an holy alliance" against oil

and gas. In certain circumstances, he says, the use of coal for in-dustrial and commercial steamraising, hot water and space heating could be inefficient durneuting could be fremerent dur-ing the summer when plant is lightly loaded and heating demand is minimal. This sug-gested opportunities for using electricity in conjunction with coal in the summer.

Parts of the electricity supply Industries; Sterling Organics, industry have also taken the part of Sterling Drug, Dista initiative in labelling their Products; Boots and Ciba Geigy. ranges of equipment according Since most boilers have a life to their energy efficiency, of 30 years, the installation of showing typical yearly running new coal-fired boilers is not a costs. A pilot scheme of this decision which companies makes

them take advantage or the Government's grants covering up to 25 per cent of the investment.

The industry is also trying out new meters which will enable householders to keep a much closer watch on their consumption than at restment.

Following the recent extension of the UK Government grants scheme, the NCB is confident that the return to coal for the South Eastern Electricity Roard has fitted more than 100 Board has fitted more than 100 homes with a system called CALMS, standing for Credit and Load Management System.

This comprises a digital panel, containing a micro chip, and linked via the telephone system to the electricity board headquarters. The system en-ables the consumer to discover with coal set to remain the the size of his bill and the premain fuel for power stations, its fortunes are also going to be In the reverse direction the electricity board can read his



# Influence in US debate

FRANCE'S energy-saving programme, with its strong, centralised policies, has frequently been cited as a worthwhile model by critics of Britain's more laisserfaire approach.

But the French equivalent of our Energy Efficiency Office — l'Agence Française pour la Maitrise de l'Energie (AFME) — has itself been fighting against Government inroads on its funding and has in turn hear realtime. has in turn been seeking moral support from the even more laisser faire pastures of California.

To persuade the French Government that energy-saving schemes can be a better investment than massive expenditure on more nuclear power stations, AFME recently enlisted the backing of the distinguished US physicist Dr Arthur Rosenfeld, physics professor at Berkeley, California, and a former student of the late Enrico Fermi.

Rosenfeld, who has been involved in energy questions since 1974, has played an influential role in the US debate on energy saving. In 1981, he testified eight times to Congressional committees.

He is not disheartened by the abandonment of some of the aspects of President Carter's renewables pro-gramme "Dumb things like wind and solar energy are not cost effective, but we saved most of the good

Some of these, he says, have been demonstrated at his laboratory at Berkeley, where he has had a hand in making California a world leader in energy-saving schemes. He wrote the computer programme for its housing standards and suc-cessfully campaigned for introduction of energy labelling of houses back in 1978. Interviewed in London, he speaks forceably of the effect on total national energy consumption which can be achieved by apparently minor reforms, such as innovations in standard electric lighting

He describes one of the most significant developments in the US energy field as the

از چار**ک ستاب** ماهیان



Arthur Rosenfeld; successful campaign

introduction into commercial buildings of energy-efficient small fluorescent lamps, using only 18 watts, to replace 75 watt incandescent lamps.

By 1995, with the installation of the new high-frequency ballast lights throughout the country, the US would be saving 40 per cent of its 1974 power consumption.

Such lights, on sale in the

consumption.

Such lights, on sale in the US by Philips, are expected to take two thirds of the lighting market by the year 2000, last for seven years and have a pay off of only six months.

"To invest in energy efficiency reforms of this kind is five times cheaper than expenditure on new electricity plants," he says. It was one of the reasons why

was one of the reasons why in California no new conven-

in California no new conventional power station was
currently being built, although the state was building
co-generation plant, which
sells heat as well as
electricity.
This was because the state's
hard-nosed utilities find it
pays bigger dividends to have
a very aggressive conservation programme.

tion programme.
Pacific Gas and Electricity. from which the University of California at Berkeley buys its power, is currently ploughing back 3 per cent of its whole gross income into conservation programmes. One way it spends this money is to supply enstoners with the new-style lamps free of

The utility also gives \$75 in cash to customers who buy a refrigerator meeting certain energy - saving standards. There are also tax breaks from the State for installing solar energy heaters.

# Slow growth of potential market

ENERGY EFFICIENCY is a growth industry in a siuggish market, geared up for an expected bonanza which stead-fastly refuses to happen.

This is why the industry remains a heterogeneous collection of small companies offering specialised products and services to industry, commerce and local government.

The existing restricted market every sector of the energy efficiency industry.

The boiler, which is as old as the industrial revolution, is no exception. Heat storage techniques allow boilers to be run insulation, combustion (boilers, burners and ancillary equipment, of periods at maximum efficiency industry, commerce and local government.

The county is pushing ahead with the installation of a period and period while generating electricity are catching on and packages to convert diesel in an agements which have energy management are recaping and period informance against targets.

The county is pushing ahead with the installation of a possible energy management systems and period while generating electricity are catching on an apackages to convert diesel in a packages to convert diesel in a packages to convert diesel in an agements which have energy management are recaping and period in an apackages to convert diesel in a packages to convert diesel in an apackages to convert diesel in apackages to convert d

Some sectors are prospering.

The magic panaces of energy conservation, the fifth fuel, immune to Opec machinations and geological fatigue, has been regarded by the captains of industry and commerce as though it were a quack remedy—businesses in general have preferred to invest in almost with pany growth process in general have per cent her with pany growth per cent her with yearly and intentity and inefficie immune to Opec machinations and geological fatigue, has been regarded by the capitains of industry and commerce as though it were a quack remedy to invest in almost preferred to invest in almost anything but the reduction of their own energy bills.

With potential savings on Britain's national assings on Britain's national assings on a Britain's national assings on a Britain's national assings of a year, on the Government's own estimate, the companies increasingly crowding

of electronic energy manage-ment systems have gone into existing buildings as retrofit, performing functions such as optimum start/stop; time of day control; load cycling; and maximum demand control.

In lighting, the major advances are on the control side with methods varying from semi-manual to total computer control. But there have also been notable advances in the multi-fuel burners can be fitted design of lamps, reducing in allowed new stores to consume to allow a switch over if fuels size the high pressure sodium half the electricity of those are in short supply.

In heat recovery, rapid their higher efficiencies for use advances are being made in the in smaller areas like offices.

stores 40 per cent more energyefficient over the past ten years.
Refrigeration accounts for 
just under half of store costs 
and the introduction of heatrecovery schemes allows all the 
heat from refrigeration processes to be recovered and used 
to provide space and water 
heating.

Rethinking on the level of lighting required, and the in-

The Government's Energy Efficiency Office is trying to spread the good news about schemes like these, most notably through its Energy Efficiency Demonstration Scheme, ency Demonstration Scheme, almed at raising awareness and publicising the appropriate technologies. The ED scheme Rethinking on the level of lighting required, and the installation of new systems, allowed new stores to consume half the electricity of those

# Voice for an emerging industry

### **ESTA**

MAURICE SAMUELSON

WHEN ENERGY efficiency equipment makers asked the Department of Trade and Industry a few year's ago to act as their sponsoring Ministry, they were turned down flat.

The DTI claimed there was no such thing as an energy efficiency industry and therefore nothing for it to sponsor. A similar refusal would be more difficult today. The industry is now a lively, kicking infant. It embraces a wide range of companies specialising as equipment suppliers, energy managers or consultancies. Strongly reliant on microprocessor technology, the sector includes companies of widely differing sizes, from offshoots of major oil concerns to small, innovative businesses.

More than 90 are represented

and exhibitions conducted up and down the country by Mr Peter Walker, Mr David Hunt and officials of their energy efficiency office.

Thousands of businessmen. engineers and managers from industry, commerce and the public sector have attended these early morning events. learn the whys and the where-fores of energy efficiency. Dr Glen Brookes, director of

ESTA, says its role has been to follow up the Minister's "breakfast special" talks with seminars, attended by about 200 Maurice Samuelson in the Energy Systems Trade people, on different aspects of

The scope for improving awareness and expertise in energy efficiency was dramatised by the results of the association's straw poll among 200 organisations in Scotland, who had sent representatives to its seminars. The poll found that only 10 per cent regularly monitored their fuel consumption or tried to meet targets
About half looked no further

the selections in the second of

You need a lot of heat to bake bread. And heat rises

the quality as well as the

quantity of electricity consump-

Association (ESTA), which, because of the earlier indifference of the Department of the Department of the Energy consumption, the setting of energy consumption, the setting of efficiency targets, of the Energy Department, the setting of efficiency targets, the spearhead of the nation's energy-saving efforts.

It is proving a fruitful partnership. For the past two years, ESTA members have made their biggest public impact in conjunction with the tireless round of lectures, talks and exhibitions conducted up and down the country by Mr.

The score for improving different parts of their sites. With the need for submettering and monitoring equipment ment spreading rapidly, manufacturers are moving fast to ment spreading rapidly, manufacturers are moving fast to meet demand. Thorn EMI. Grant Instruments, Northern Design and the Response Company are among the principal companies offering equipment to enable clients to monitor their energy consumption and to set performance targets.

The score for improving different parts of their sites.

With the need for subment of energy management systems include auditing and monitoring equipment acturers are moving fast to meet demand. Thorn EMI. Grant Instruments, Northern Design and the Response Company are among the principal companies offering equipment to enable clients to monitor their energy consumption and to set performance targets.

The score for improving different parts of their sites.

With the need for subment for improving and monitoring equipment acturers are moving fast to meet demand. Thorn EMI. Grant Instruments, Northern Design and the Response Company are among the principal companies offering equipment to enable clients to monitor their energy consumption and to set performance targets.

They enable the user to study the quality as well as the contrast energy management.

contract energy management quantity of electricity consumption.

One of the fastest-growing sectors of the industry is building energy management systems, which facilitate the remote control of energy performance, and other functions, in individual buildings or in multi-state organisations.

From UK sales of about £1m

activities has been the emer- multi-storey office block belonging to Sun Life Properties.
Emstar guaranteed Sun Life
Properties a 10 per cent annual rebate on its energy bill of £57,000, and was so confident that it agreed to give the customer 50 per cent of any savings over the set target.

Judging by events in the US. Emstar and similar companies have a bright future. Five years ago, the US had only about 20 such companies, attracting an annual investment of about slm. Within five years, this number had increased to 200 companies who in 1984 alone completed 2,000 transactions worth more than \$250m.

contract energy management group of ESTA says its tion or tried to meet targets
About half looked no further than their quarterly fuel bills to study their energy consumption. Eighty per cent of businesses possessed only one mains meter and no instruments had been installed for checking the energy consumption in the multi-state organisations.

It has also been invited to meet targets

multi-state organisations.

took over the heating manage members now manage £100m worth of other companies' apartment complex in Putney.

London, in 1982, cut its fuel bill by £125,000, a saving of the size of their untapped market, they are ready to consumption in the beating of which they find in both the energy consumption in the samples from UK sales of about £1m ment of the Rivermead Court apartment complex in Putney.

London, in 1982, cut its fuel bill by £125,000, a saving of the size of their untapped market, they are ready to consumption in the barriers and apathy been installed for checking the energy consumption in the samples from UK sales of about £1m ment of the Rivermead Court apartment complex in Putney.

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London, in 1982, cut its fuel bill by £125,000, a saving of the size of their untapped market, they are ready to consumption to level off at £100m apartment complex in Putney.

London, in 1982, cut its fuel bill by £125,000, a saving of the size of their untapped market, they are ready to consumption to level off at £100m apartment complex in Putney.

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London, in 1982, cut its fuel bill by £125,000, a saving of the size of their untapped market. The size of their untapped market. The size of their untapped market. The s

# ln1982, a Midlands bakery found that 40% of theirenerg costs were blown awa

At Fresha Bakeries Ltd. in Leicester most of the heat rising through the chimney and wafting down the street. Tak in 8 As part of a joint demonstration project with the ency Office, the management £128,000 with it every year · Efficiency Office, the management devised a scheme to take the waste heat and The system was so successful that there was enough heat not bake the bread but also to the waste heat and recycle it throughout the b + k + ry. only to bake the bread but also to heat the bakery And the re was still heating left over to warm the van yard in winter, which At the same time, they replaced their centralized boiler and suitched to cold with naturally, made for happier drivers as well as fresher bread. distribution system and switched to cold water for washing delivery trays Fresha Bakeries is not a huge company. But still their energy savings are around £40,000 a year on an initial outlay of £92,000. In other words, the scheme not only paid for itself in little over 2 years, it could save the bakery at least £40,000 every year from now of course not all of us are in the tree. Of course, not all of us are in the business of making bread rise But stopping energy costs rising is everyone's business, and Your company is probably losing money even as you read this i and you can put a stop to it by calling The Energy We cantell you about ways to save money, and how to get in s. for a demonstration project like the one we gave to Fresha Baker, he Call us on the Monergy Hotline on 0800 234 800 or send in the coupon for a free Monergy Information Pack.

# Pressure builds for improvements on a huge scale

Public sector RICHARD EVANS

THE PUBLIC sector in energy. properties in the ocuntry. rich Britain had a notoriously poor record in energy efficiency 'Could do better."

Efficiency Office (EEO) by Mr efficiency investment, an in-peter Walker two and a half years ago and Mrs Thatcher's insulation scheme, waste in defence and National Health departments should actively pursue enargy conservations. pursue energy conservation policies has concentrated atten-

Committee, which reported in tions were that public spending The Audit Commission, an November on the work of the on energy efficiency measures independent organisation set up EEO. It found the office had should be given as great a claim by the Government in 1983 to done much it could be proud of, on resources as investment in help councils bring about but stressed the scale of the councils. The Audit Commission, an independent organisation set up to the councils bring about new sources of energy supply improvements in economy and officients. done much it could be proud of, on resources as investment in but stressed the scale of the new sources of energy supply

until recently. There is more conscious of the direct evidence that things have and indirect costs of wasted improved over the past few years, largely under the growing pressures for cost cutting, of central government departments working in a way which inhibits energy. the report must still read: ments working in a way which.
Could do better."
The setting up of the Energy
This setting up of the Energy

The report adds that the tion on the needs, but the committee was particularly performance has remained "astounded" by evidence from one of the most recent Defence wastes £110m annually, costs caused by the Governments was made by the or half of its total fuel bill.

examples of this."

Association for the Conserva-tion of Energy by Leeds University Department of Geography in 1984, for example, found that the withdrawal of specific government insulation grants saw the number of local authority homes being insulated drop from 651,000 in 197980 to 291,000 in 1980-81, and the figure is no higher now.

Incentives

But in general local authori-ties have found there have been increasingly powerful incentives in recent years to cut their fuel

problem in the public sector, such as nuclear power, and that which administers half the properties in the ocuntry.

The committee called on the government itself to be much more conscious of the direct and indirect costs of wasted to a construction of the conservation.

The committee called on the government itself to be much more conscious of the direct and indirect costs of wasted to conservation.

The matter specific in economy and efficiency, conducted an investigation of 30 local authorities potential energy savings of potential energy savings of about £135m a year.

The studies, conducted in introduction of the Conservation of Energy by Leeds in the committee and indirect costs of wasted to conservation.

that savings of 15 to 20 per cent seemed possible for most local authorities on their fuel bills without large-scale rebuilding.

Given that local authorities in England and Wales spent about £1bn on energy in 1984-85, 80 per cent of it on heating public buildings like offices, libraries, schools and leisure centres, the savings could be considerable for rate-

A typical county council In its guidelines to local operating an average of 1,000 authorities on shared savings buildings spends £7m a year on energy performance contracts, energy, a metropolitan district or London borough about £4m and a district council around

Support for local authorities comes from LAMSAC, the central organisation providing specialist services in management, information technology, research and energy. With that local authorities are subfunding from the EEO, ject to capital expenditure LAMSAC has developed a microcomputer-based energy to reduce revenue expenditure marketing and targeting system levels and staffing levels. Suitable for local authority A good practice guide buildings. Three systems have lished by the EEO last been designed with different showed some remaindered of sophistication to meet examples of savings.

the EEO estimates that a 25 per cent reduction in annual costs can generally be achieved

The most energy-intensive

sector of industry, iron and steel, faced by rising fuel

prices, reduced its energy input by 37 per cent. Other energy-intensive industries, such as paper, cement, chemicals and brewing, have been obliged to

Certainly, the scope is enormous: energy consumed in the UK by final users has a market value of £30bn. This is compar-

able to total expenditure on social security, or twice the

Even so, energy consumption in relation to GDP is more than 40 per cent greater than in competitor countries such as

West Germany and Japan, and, in spite of the importance of

energy costs to this group of industries, progress has been

Improving this poor use of energy compared with our in-dustrial competitors is being

areas. Some are simple good housekeeping: recovering and

upgrading waste heat, improved heat transfer equipment, the elimination of leakages and

losses through better insulation.

small improvements has sur-

specially in steel. Reduction of friction in machines (tribology),

all made significant contribu-

and I per cent respectively of the total energy consumed by industry. Benefits of tribology

include longer operating life, reduced plant shutdown. Main-

tenance savings have been achieved using radioisotopes to

The aggregate effect of many

managers.

defence budget.

relatively slow.

microcomputer - based - energy to reduce revenue expenditure A good practice guide pub-lished by the EEO last year showed some remarkable examples of savings. Norfolk County Council, for example, made net savings of £8.3m between 1975-76 and 1983-84 and Sunderland saved £1.3m between 1981 and 1983.

Dudley in the West Midlands year. was the first local authority to The

Recession a powerful

stimulus for savings

1,600 ancillary buildings. A high proportion are over 75 years old and even the fairly modern

1980 are the typical energy guzziers of the period, with large areas of single glazing and poor insulation. In addition, there is no opportunity as with schools or leisure centres of seeking savings by ensuring that buildings are heated only when needed. Hospitals need heating 24 hours a day, every day of the

hospitals built between 1960 and

The NHS has achieved energy savings of £379m over the last

by an investment of 50 per cent of the annual energy costs.

Applied nationally, this would mean that savings of £200m to sion, believes local authorities have a good record overall and have done appreciably better in energy conservation than either government or the NHS.

Support for local authorities comes from LAMSAC, the central organisation providing specialist services in management, information technology, research and committee found that course, is a local survey of an inner urban area; south of an inn that the NHS was set to lose £1.3bn over the next 15 years because of the failure to invest. It found that the Department of Health and Social Security had done little to discourage the lack of action, allowing plans initiated in 1977 to invest \$35m to "fade away."

This is the crux of the problem in the public sector. The scale of the potential savings is immense, but the question remains whether the Government's policies on grants and on taxation are playing a sufficiently forceful role.

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aims of MONERGY '86. Not just because we all need to use energy resources wisely.

ion implantation to harden surfaces. The steel industry has been transformed by the lapanese led use of continuous casting, better coke making and ore blending. In Britain 22 per cent of the cost of steel manufacture lies in the energy con-

In the cement and paper in-dustries considerable amounts of energy are expended in the cyclic wetting and drying processes and these are likely over tancy Service, the company has conserved the longer term to be replaced developed an improved method strugglishy wholly dry processes. In the interim small improvements the interim small improvements are being made to existing burner. Trials proved that fuel league.

INDUSTRIAL recession has plants such as greater use of consumption could be cut by been a powerful stimulus for radiant heat for paper drying 55 per cent, while at the same energy conservation in Britain's and more efficient cyclones for time reducing wear and tear gas powder heat exchange in

cement manufacturing. But, while energy-intensive industries are pursuing general improvements in efficiency. optimum solutions are usually different for each individual plant. At Blue Circle Indus-tries, the cement manufacturer, tries, the eement manufacturer, 50 per cent of the production costs are fuel and power and had the group not been able to offset rising costs with increased energy efficiency, it would not have been able to modernise or develop new products.

Dr Gordon Marshall, Blue Circle's deputy group managing director, told the recent National Energy Management Conference that last year's

### **Energy-intensive** industries

KEN COOPER

£60m bill for coal would have been £90m but for energy sav-

ing.
"The real need is to save costs and not simply conserve energy for its own sake. This is important as a means of sur-vival against the threats posed by imports and alternative

prolonging life cycles of equip-ment by conscious management materials. There was no single attack on of maintenance (terotechcosts but an across the board nology), corrosion control and policy to treat energy as a retraining methods, there was nology, potential savings have major capital expenditure to been estimated at 2 per cent

Dr Marshall said that a further 25 per cent saving in energy per tonne of cement could be achieved.

At Sheerness Steel, one of the regional winners in the 1985 Gas Energy Management awards, 1m therms of gas a year were saved. a reduction of 55 per cent, enabling their capital outlay to be recovered and bar steel a year, is the most productive of its kind in Europe, and the safest. In consultation with South Eastern Gas Technical Consulto the refractory walls. The company has now fitted the new system to all four of its ladle

At Burnley Paper and Board Mills combined heat and power Mills combined heat and power is being used as an investment in conservation. The replacement of existing oil and gas fired plant cost £2m but with the completion of the new CHI plant savings expected in the first 12 months total £690,000. Of this total 57 per cent will come from the advantageous coal/natural gas fuel price differential, diffe cential.

A further 25 per cent will result from the electricity generated by the 950 kW turbo alternator linked to the boilers. The remaining 18 per cent will come from the high efficiency of the coal-fired boilers. Halfway through the first year of operation independent tests have shown that expected effi-ciencies are not only being achieved but bettered.

The brewing industry is currently undertaking a survey of energy-saving methods and once again the nature of the One such is a novel method of recovering carbon dioxide which could save a large brewery £500,000 a year and provide a return on investment within two years, by recovering the gas liberated in the fermentation process, using new plant

which itself uses no energy. In pubs throughout Britain heat pumps are being put into cellars. They can cut fuel costs by both cooling the cellar to keep the beer cool while at the same time heating the domestic

In one brewery packaging process control had been intro-duced, he said. plant in Reading covering the area of seven Wembley football pitches, they have installed a central lighting control system for all internal and external lighting. This system saves energy costs by giving more pre-cise control of the ways lights are switched on and off as well as maximising usage of available

daylight.

From these examples it can be seen that the energy-intensive industries are setting about putting their affairs in order. But the very fact that the process is still in a relatively early stage, 13 years after the energy crisis, in industries which have most to gain, is symptomatic of the credibility gap which energy conservation as an idea is still struggling to bridge, and which keeps Britain at the foot of the European energy conservation league

# Research **'ignored** in UK'

MANCHESTER-based pro-A MANCHESTER-based pre-fessor claims that an indus-trial energy-saving technique with far-reaching commercial implications risks being ignored by British process in-dustries even though it is pay-ing dividends abroad.

Known as process integra-tion—or "pinch" technology—it is the brain-child of Prof Bodo Linnhoff, of the Uni-versity of Manchester Insti-tute of Science and Tech-nology (UMIST). More than 50 chemical and other process plants around the world have benefited in recent years from retrofit modifications or retrofit modifications or newly-designed complete plant units deriving from his work in UMIST's chemical engineering department.

His method of plant design is based on the improved harnessing of heat flows through more efficient use of heat exchangers, piping, dis-tillation columns, dryers, pumps, boilers and other cartiment

An international con-sortium has been established to help research and de-velopment into Limboff's technology, which won him a Royal Society Gold Medal. But out of the 15 companies in the consortium — including Exxon, Du Pont, BASF, and Union Carbide—only three have British connections—British Petroleum, Unilever and Shell

The essence of the pinch technology is that for any industrial process it defines taking account o costs, flexibility and differen introduces science to an area where proviously managers had to rely on trial and error.

Its application by Union Carbide in the US has yielded average 50 per cent energy cost savings in new designs and payback periods of only six months for retro-fitting of

But the lack of interest so far shown by British industry, he says, means that this tech-nology "could become a time-bomb under Britain's inter-

"The kind of cuts in energy costs that we are able to identify can mean the difference between operating at a profit or going out of business."

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Pilkington makes more insulation products than everyone else in Britain put together.



Larne Harbour, in Northern Ireland, is lit by high-frequency lamps which give up to 30 per cent saving on consumption.

# Fast expansion of new sector

market; especially strong in the public sector.

JEL Energy Conservation

Systems; Began in the classic manner in a single room over

a shop in Stockport; now has a turnover of more than £4m.

Potterton Energy Controls: Boilermakers Potterton diversi-

parent, the system is beginning to gain orders. There is also a number of

Technically, progress has been rapid. The trend now is

for distributed systems, with intelligence being pushed out

as near to the point of informa-tion input as possible, making

more accurate control but also

towards standardisation and compatibility, although BEMS has a long way to go before it reaches the degree of com-

patibility of the programmable

controls industry.
At present most software in

proprietary (and sevet) while hardware comes from a wide variety of sources. The public sector has taken the lead in

setting up a working party to explore the possibility of at

least producing common proto-cols to allow different systems to communicate with each other. Progress so far has been

slow, however, with most manu-facturers sceptical that the cost

would be worth the benefit (if

The outlook for BEMS in the UK over the next few years is for a buoyant, but highly-competitive market. The existence of a thriving home market and an entrepreneurial

industry ought to give UK com-panies a boost in export mar-kets, and indeed several are beginning to make inroads in

But the competition is in-creasing, both in the US, where

it is already very strong, and in the rather slower-moving

European markets. The highly-competent, Swiss-based, multi-

national Landis and Gyr already has a sizeable share of several

under the aegis of the Agence

Française pour la Maitrise d'Energie (which has ten times

the staff and budget of the UK's

as ever it will go to the fast-

the US and Europe.

European markets.

**Robust** 

Computer controls

PATRICK COYNE

BUILDING Energy Management to Supply its equipment to Danfoss, a major European manufacturer of heating and wentilating products, gives it a real chance electronic revolution. An entirely new marketing opportunity the computation of the control o urely new marketing opportunity, the computerised control of a building's energy consumption, attracts a host of potential of the control of tion, attracts a host of poten-tial equipment suppliers, some large and well-established com-Group. Now well established and looking to expand exports, both to the US and Europe. panies, others hopeful entre-

The technology develops rapidly, the market expands apace and the inevitable shake-out occurs. The companies left are those with the right combination of technical compebination of te oreneurs. bination of technical compe-tence and marketing muscle.

One perhaps unexpected element in BEMS is that a fair ment in BEMS is that a fair number of the survivors are to be found among the entrepreneurs, companies started only nive of six years ago on very little capital. Even more surprising, most of them are British. Indeed, for small to medium-sized energy management systems UK technology is probably ahead of the rest of probably ahead of the rest of the world. Whether that lead will last is a rather different

question.
In the UK the market started about seven years ago and last year was worth about £40m. The present growth rate is estimated the system both more robust and flexible. The outlying stations then communicate with a central controller by wire, Telecom line, mains-borne at about 20-30 per cent a year and the market is expected to peak in the mid-1990s, when it could be worth £80-£120m.

could be worth £80-£120m.

Three quarters of the systems will be fitted in existing buildings and indeed fitting BEMS is often the single most effective beginning to replace analogue techniques, allowing not only measure a management can take to cut its energy bill. The commercial sector is the major more sophisticated signal pro-cessing. buyer of BEMS with nearly half of the total, followed by the On the software side, the trend is very definitely towards much more sophisticated, full-colour graphics, with real time

public sector with about a third; industry takes the rest.

The UK and West Germany are Europe's two largest marare Europe's two largest mar-kets, taking about 65 per cent to see at a glance what is hapof the total, according to market consultants Pro-Plan. However, the UK market is growing about towards standardisation and twice as fast as the rest of Europe, largely due, according to Pro-Plan, to the availability of cheaper and more flexible

In the late 1970s the market was dominated by three large companies. the US multi-nationals Hopeywell and John-son Controls and the UK-based Satchwell, a major supplier of building controls. They tended to concentrate on the larger systems, often costing well over £100,000 and controlling energy bills more than fim annually.

Proven

Then as the hardware became cheaper and even more importantly software skills developed -the market expanded rapidly and the number of suppliers in-

creased almost exponentially.

The magazine Energy Manager has listed 104 companies which claim to supply BEMS equipment although probably no more than 25 to 30 have a proven track record and of these the top dozen have about 90 per cent of the market.
The original three are still

dominant in the market for the very largest systems but it is be-low this level, in systems for the small to medium-sized building (1,000-10,000 sq m) that development is most rapid, competition most intense, and entrepreneurial spirit most

In Germany, a number of companies are beginning to flex their muscles and in France, Here too UK companies can claim a world lead, producing equipment which is cheaper, more powerful, more flexible and easier to use than that being produced virtually any-where else. Among the more Energy Ediciency Office) some very promising new products have been developed. The important of the new UK comopportunity is clearly there, but

Transmitton: originally a BICC subsidiary specialising in mining control equipment. Now the biggest single supplier of medium-sized systems to the UK.

as ever it will go to the fast-moving.

Patrick Coyne is managing editor of Energy Manager.

### buildings ALASTAIR GUILD

Commercial

LOW ENERGY buildings make commercial sense. Commercial developers and surveyors should find them easier to sell or let, while for the new owner or incoming tenant, service charges can be substantially reduced.

A survey by Jones Lang Wootton shows that energy accounts for over 20 per cent of total service costs. A reduc-tion in energy costs of 50 per cent would therefore reduce overall service charges by at least 10 per cent.

However, designing for energy efficiency can be more complex than for traditional buildings, requiring architects, energy consultants and services energy consultants and services engineers to work with the client in an integrated team. "The fuel-saving potential can be achieved only by the design team working together for a common aim. When they do, impressive results are achieved," says Mr John Doggart, partner in Energy conscious Design, a group of architects, epergy consultants and services engineers.

The building fabric is one area of potential fuel saving to focus on. Walls can be insulated during refurbishment, and

area of potential fuel saving to focus on. Walls can be insulated during refurbishment, and double-glazed window frames of staff and often the need to

Heat and light control brings results volume control reduce the amount of heated air provided

> One system uses a building "breathalyser" to monitor the air, and matches the volume of air to the number of people using the building. Twenty-five per cent fuel savings have been achieved in a Rank leisure centre, for example

Another area highlighted by Mr Doggart is the improvement to boilers and controls. "Most heating plants are inefficient, even in new buildings. The performance of modern boilers can be a 50 per cent improve-ment on more conventional systems, though good controls can dramatically improve the performance of old systems."

Good controls cap also improve the efficiency of light-ing systems. According to Department of Energy figures, automatic lighting controls can

extra cost. Mechanical ventila- payback periods are longer, tion systems fitted with variable. Apart from matching artificial Apart from matching artificial lighting to available daylight, lighting controls with time pro-gramming or presence detection devices can help cut down wastage due to people leaving their lights on when out of the office for several hours at a

put as tungsten bulbs. Modern fluorescent fittings and low-energy tubes can improve on that, with high pressure sodium and mercury halide lamps per-

### Recycled

Heat recovery is another neglected area. "All too often, one part of the building is exhausting heat while in another part bollers are firing to provide space heating." says Mr Doggart. Often the waste heat can be recycled, using heat exchangers.

In new designs, solar heating either through windows or through an atrium, can reduce fuel bills while avoiding sum-mer over-heating. Building Research Establishment calcula-

The BRE low energy office, storage and workshops. built to provide largely office accommodation at a relatively low density for 75 people applies many of these techniques. They have reduced fuel

wastage due to people leaving their lights on when out of the office for several hours at a time.

Even with typically 25 per cent compared with a typical non air-conditioned office, and 75 per cent compared with an air-conditioned office, and 75 per cent compared with an air-conditioned office, at little extra cost.

"Air-conditioned offices need not be energy guzzlers." Mr Doggart says. At a high tech development in Hemel put as tungsten bulbs. Modern insulated the building and used low-energy lighting to reduce heat build-up. The lower cooling requirements were then satis-fied by large rates of air change, forming even better. providing free air cooling for

up to 90 per cent of the season. Chilling equipment is needed only during peak summer. The National Farmers Union Mutual Insurance Company's open plan headquarters building in Stratford-upon-Avon is
another example of energy conservation being considered in
all aspects of the building glass has been used through-

design. RMJM were the out.

architects/engineers. They in winter, the windows in claim that the building uses about half the energy that and mechanical ventilation gives would be needed to heat, light up to two air changes every

counterpart, are
One third of the 15,000 sq m the

The internal planning, orientation and structure were considered initially to minimise the gains and losses to the buildbuilding face north and south. With the need to locate over

one third of the building area where cross-ventilation was possible, the areas, such as executive suite, which normally required air-conditioning were located on the top floor to soak up the brunt of solar gains, or within "landlocked" areas where natural ventilation was not possible.

### Double-glazed

Windows were another important consideration. They are all double-glazed, for example, with mid pane blinds and ventilation is designed to enter a high level for cross ventilation

and otherwise power its 1960s hour. In summer the windows counterpart.

ing conditions, windows ideally small offices, conference/train-down on to people through should cover about 50 per cent ing areas, restaurants, swim-punkah" louvres to increase of the total external wall area. ming pool, computer suite and the psychological cooling

buildings, such as hotels and office towers, solar absorption, human occupancy, lights and ing. The long elevations of the office equipment produce substantial heat gains. So even in relatively mild weather, a tem-perature-sensitive air-condition-ing plant will often come into operation, although only to meet comparatively low cooling ioads, often the building. often in small parts of

One potential solution to this problem has already been installed in over 300 major buildings in the US. Water from the building's cooling tower is injected directly into the chilled water circuit when the ambient temperature falls below critical open air wet bulb levels, providing the minimal degree of cooling required.

In 1982, the system Strainer-cycle, was installed at a Ministry of Defence Computer centre in Devizes at a cost of £80,000. In the first year, it achieved energy savings of £40,000 and has paid for itself in two years.

British Rail took delivery of the system in 1983 at Stanier House in Birmingham. It recovered the £44,700 capital outlay in under two years, saving £26,000 in the first year. It is also in use by American Express in its Brighton offices and by the Chase Manhattan Bank in London.

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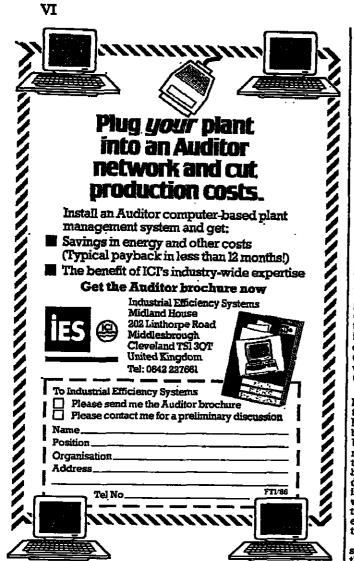
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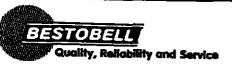
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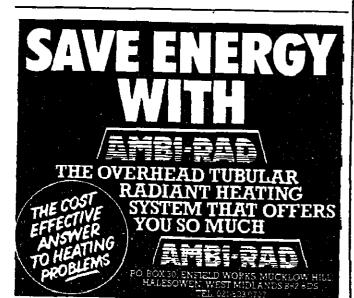
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# Education of consumers a slow process

Domestic savings ALASTAIR GUILD

COMPARED WITH his European or American counterpart, the UK domestic consumer is generally ignorant of potential energy savings and how best to achieve them. Ways of improving awareness were dis-cussed at a recent international conference. One of the most widely-accepted is the provision of an energy audit or survey. Energy audits for private

homes are being required for the first time in the UK in Milton Keynes. All houses to be built in the town's Energy Park complex have also had to meet a specified level of thermal performance before being accepted in the project, due for opening in August. It is thought that energy audits will be a way of demonstrating to prospective purchasers what energy conservation can mean to them in pounds and pence. Provided energy-saving meathe resale value of a house, many experts see no reason why such audits should not be extended nationally to cover both new and existing housing. According to Mr Andrew Warren of the Association for the Conservation of Energy: "Home energy audits are a large part of the solution to Britain's energy-saving inertia.
But if people will not pay for such advice themselves voluntarily, how are we to succeed in delivering it?"

mission, for example, is that introduced in Denmark. All houses must, by law, possess a certificate, when sold, stating that the house has been brought up to a certain standard of energy efficiency.

lining what improvements are necessary, and the cost of those energy-saving measures not implemented. Within four years, 40 per cent of Danish homes have been covered.

Mr Warren predicts that such a system could be adopted in the UK within the next four years. "It need not cost the Exchequer anything and is the most politically acceptable. While politicians are understandably shy of introducing legislation unless it is perceived as absolutely vital, I believe it is. Past evidence has shown clearly that commerciallybacked energy audit schemes will simply not deliver the goods.

Another option is the provision by gas and electricity

One option, increasingly nominal amount and many favoured by the European Com- utilities make no charge at all. Meanwhile, a scheme intro-duced last year by the Abbey National Building Society is attracting considerable interest. The society includes guidance on the energy efficiency of a house, as part of the survey report undertaken prior to Alternatively, a house our report undertaken prior chaser can demand a report out granting a new mortgage.

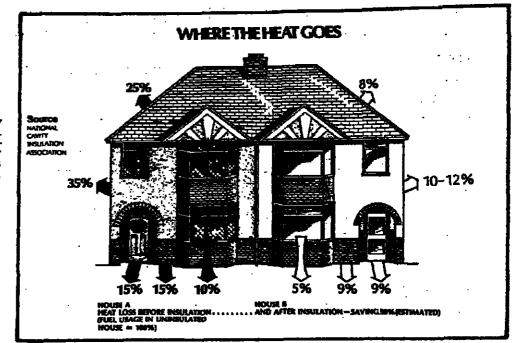
Surveyors use a six-point check list to indicate areas where prospective buyers can reduce energy costs in their new homes. No extra charge is made for the inclusion of the information.

However, a pilot scheme by the Eastern Electricity Board for the energy labelling of domestic electrical appliances has met with some inertia among customers.

It is hoped that Energy Effi-ciency Year will raise the level consumers of savings to be made in the home, though there is concern that there is little in the campaign for low income groups. Government incentives

improve energy efficiency in the

home have so far been confined largely to the prevention of provision by gas and electricity largely to the prevention of boards of cheap home surveys. Waste through the roof. For the In America, anyone can obtain on demand an energy unit with no loft insulation have survey of their home, provided been entitled to claim from the by specialists from the local local authority up to £69 (or gas or electricity companies. At £90 in the case of certain low the end of the survey, the householder is given full details of how they can reduce their tion. Since 1984, the scheme fuel bills. The cost of the survey has been expanded to include is almost entirely underwritten those bouses with minimal is almost entirely underwritten those houses with minimal by the fuel boards. By law, they levels of insulation of up to



The National Association of Loft Insulation Contractors estimates that 25 per cent of the total heat in a typical house without loft insulation may be lost through the roof. As much as 17 per cent of the annual fuel bill could be saved by effective loft insulation.

The government chose to target loft insulation partly because of the high capital costs relative to other forms of resalve to the following insulation. The total allocated to the scheme is £21m, with a "reserve fund" of £7m for 1985-86, cut to £2.5m for the

following year.
Government indications are that only half of the reserve fund will be taken up this year, though Ministers will consider any application from individual anthorities should Energy Efficiency Year generate more demand for loft insulation.

Figures compiled by market research company, AGB Home that homes without draught proofing are spending on reason for any fall off in average at least an additional average at least an additional grants. Eighty-five per cent of which could be saved, or £600m those houses with a loft now have loft insulation, while 32 per cent of the demand for insulation last year was for insulation last year was for the demand for insulation last year was for the demand for another measure with substantial transfer of the demand for insulation last year was for the demand for another measure with substantial transfer of the demand for a year nationally. insulation last year was for

"While there are now fewer houses without loft insulation. that market, as with all forms of home improvement, has been affected by the imposition of VAT," says Mr Richard Jenkins, AGB's commercial manager.

Draught proofing is one energy efficiency measure so far largely ignored, according to Mr Jenkins. "There are immense savings to be made, it is cheap and householders can do it themselves. You might expect those houses that can't afford other forms of insulation to go for draught proofing, but it is concentrated instead in higher social groups, probably because they are better informed.

"Much needs to be done to awareness of the among low income

Draught

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another measure with substantial energy saving potential is cavity wall insulation. Of the two-thirds of UK homes with external cavity walfs, less than 20 per cent have cavity wall insulation. Twenty-five per cent of detached houses and bungalows with cavity walls have insulation.

The figure for semi-detached terraced and flat accommoda-tion is less than 15 per cent. to £100m could be cut from fuel bills each year by cavity wall insulation. In a typical house without wall insulation, 35 per cent of the total heat is dissipated through the outer

A typical centre terraced house would cost on average £300 to insulate, a semi-detached house about £400, according to the material used, and a detached house, based on 100 sq m of wall area to be Proofing insulated, from £500 upwards.

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# Odds still against private power

### The Energy Act MARK NEWHAM

IN 1983, the Government passed a Bill which was to become the Energy Act and which was heralded as the Act designed to give private energy suppliers the opportunity of competing on an equal footing with the Central Electricity Generating

The Act's intention fell fully in line with the Government's policy of breaking monopoly strangleholds but the reality of the legislation has left potential private power producers with the feeling that nothing has really changed.

Individuals or companies interested in becoming minipower utilities generating electricity and selling it to local electricity boards for use in the grid have found to their cost that despite the Act's good intentions, the odds are still stacked in the CEGB's favour. Hence the poor rate of increase generators supplying grid able of supplying power at the power. The number has in- low demand, low buy-back rate in the number of new small

In an exceptionally complex issue the problem centres essentially on the cost of generating power against returns on

nection to the grid which does

show that the charge can be as much as £1,100 a year no matter whether the generator is cap-able of supplying 5 kw or 1 mw

At the lower levels of power production, this charge often exceeds the earnings possible through sales of the power to the area electricity board, especially when the board actually charges more for its power supplied to the generator owner than it pays for the power that the owner supplies to the board.

Each electricity board sets its own buy-back rate for the genon the time of day and season when the power is sold to the board. But, on average, it has been calculated that many boards only pay 2.5 pence per kilowatt hour (unit) supplied by the private generator whereas it charges 4.5 pence per kilowatt owner. When the owner is only cap-

power. The number has in-creased to only 70 from 59 in times, he is almost certain to find that the vestment is so dismal that he will be fortunate to ever recover his capital outlay let alone make a profit.

This being the case, it is

If a private power producer wishes to sell his power to the grid, he has to pay the electrical power will be needed case, it is

This being the case, it is —becomes even more inequitionable when compared against the rates demanded of the grid, he has to pay the electrical power will be needed case, it is —becomes even more inequitionable when compared against the rates demanded of the grid, he has to pay the electrical power will be needed case, it is —becomes even more inequitionable when compared against the rates demanded of the grid, he has to pay the electrical power will be needed case, it is —becomes even more inequitionable when compared against the rates demanded of the grid, he has to pay the electrical power will be needed case, it is —becomes even more inequitionable when compared against the rates demanded of the grid, he has to pay the electrical power will be needed case, it is —becomes even more inequitionable when compared against the rates demanded of the grid, he has to pay the electrical power will be needed case, it is —becomes even more inequitionable when compared against the rates demanded of the grid, he has to pay the electrical power will be needed case, it is —becomes even more inequitionable when compared against the rates demanded of the grid power will be needed. a heavy fixed charge for con- for his own consumption, how much he can afford to sell to the CEGB only has to pay 0.1p the grid.

This is a self-labelling process

"Energy management is a

outlook.

side or the other.

technical overtones."

not vary with the rated output the area electricity board at per kilowatt hour generated of the generator. Calculations various times during the day which, the association says, is by those involved in the issue and year, and whether the reabsurd when one considers that turns are likely to cover the the CEGB requires 2.5 square cost of connection to the grid. metres of land area for every

> the necessary generator (whether powered by diesel, wind, water, solar or anything else), he might be forgiven for thinking that the Energy Act offers him a profitable opportunity.

Unfortunately, one further sting in the tail awaits. He will become liable to pay local authority rates on his generator unless the machine is sited on agricultural land with the bulk erator's power, a rate which of its output used for agricul-varies dramatically depending tural purposes.

Charges

If rates are applied, the owner could find that he is required to pay as much as 1.5p to 2p for every kilowatt hour generated by the generator—a penalty which could be financicharges he has to pay for connection to the grid and payments for the capital cost of the generator.

This rates figure—calculated by the British Wind Energy Association (BWEA) which has a vested interest in seeing that wind turbines become commercially-viable generator options

The BWEA calculates that

Having done these sums, if kilowatt of installed capacity enough of a profit shows up to against the 0.014 square metres warrant the capital outlay on of land required by a mediumsized wind turbine to generate one kilowatt of power. Who This being the case, the BWEA insists that owners of wind turbines supplying power to the grid should actually be paying no more than half the rate charged to the CEGB, not is cutting

20 times more. The BWEA has taken the issue up with the Department of Environment which has overall control of rating policy but has received only negative responses from the Department

even though the Department of Energy appears to be siding with the BWEA on the issue. In the face of such intransigence, the BWEA is preparing to make a test case of one wind

turbine which is expected to become subject to rating. Until the issue is resolved the BWEA's chairman, Mr Reg Clare, believes there are only two options under the Energy Act in which a private generator owner can hope to make a profit from a power supply

The owner either installs a small generator sufficient to supply the needs of a farm, in which case the installation is not subject to rates, or he input of not less than 100 kw to supply power specifically to

### No Atkins - No Comment For further information contact: Martin Frv

profits.

a director of: Energy & Thermodynamics Division Woodcote Grove Surrey KT18 5BW

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Two models of collectors are currently available from Thermomax, one with a maximum working temperature limit of 85° C for domestic how water and heating, and another for high temperature applications (up to 140° C) for industrial process heat, air conditioning, see water desalingtion and driving smell turbines. Further information is available from Thermomax Ltd, Bangor 8719 2UP, Tel: (0247) 452411.

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# Marked differences in approach

### The consultants IAN HAMILTON-FAZEY

THE SURE thing that can be said about energy-saving consultants is that there are a lot of them about. As Des Gurney of Ove Arup and Partners puts it: "There are all sorts—engineers, tariff specialists,

engineers, tariff specialists, technical experts, management consultants—while others claim to do the whole thing."

There are however broad differences of which potential clients need to be aware, the first of which relates purely to size. Consulting firms tend to be either big or small, with few medium-sized ones in the field. medium-sized ones in the field. While size is no guide to reputation, the larger consul-

tancies are equally reputable and because there are easy-toobtain grants for energy surveys, many make a good living
doing little else but this type
of work, However, some of them

are not very good at it.
"There are a lot of cowboys
operating in this area," observes the head of one large, reputable consultancy drily. "They do consultancy drily. "They do poor surveys and are usually not up to implementing the results."

Therefore it remains a sound approach to obtain testimonials when engaging a consultant, cies.

Competitive quotes may well be Management consultants nedeed to obtain some grants, but the lowest bidder may not always be the best bet. "Too small a sum of money gets you a low-grade report; you get what you pay for," Mr Gurney

When technical work needs to be done, management consultants may well sub-contract to smaller technical consultan-

Sub-contract

often the production director. We then review progress with the board, not the line manage-

ment. We try to get under-standing at the very top."

might therefore be said to concentrate on the corporate culture while technical consultants work on plant, buildings

people are doing; technical tancy it usually does not even consultants with how things pay the client to take advanand any consultancy should be able to say straightforwardly which type it is. There will nearly always be an overlap of philosophy within the straightforwardly always be an overlap of philosophy within the straightforwardly and the straightforwardly work and how to make them work — though it's not always quite as clear cut as that."

Mr Gurney says: "Our view at Over Amin is that our view at Over Amin is that the straightforwardly work and how to make them 
work — though it's not always
quite as clear cut as that."

Mr Gurney says: "Our view
at Ove Arup is that you can't
divorce energy usage from the
overall design. Implementation
of an energy-saving scheme
may mean changing the facade philosophy within the con-sultancy but, equally, there will nearly always be a bias to one of an energy-saving scheme for savings from day one and may mean changing the facade of a building and stripping out old systems."

Let able to identify the areas for savings from day one and go straight to the implementation stage," he says.

management function, not an engineering one," says Michael Roberts of PA Management Consultants. "It is a management problem, but there are the consultants of the consultants." Then, the general management — which approves the capital expenditure — must understand why and how things work just as much as the technical His view is echoed by Julian Gray, of Arthur Young, the accountancy giant which set up an energy management consultancy a year ago. "We put ourselves in the management consultancy bracket," he says. "We sell our assignments to people at board level, possibly the chief executive but more often the production director. nical management.

Whether a technical management consultancy used may depend on who does the hiring, with general or financial managers bringing in management consultants, while production or technical managers tend to go for the type they know best.

especially if they sell their services directly to technical managers with small discre-tionary budgets who can engage than directly.

It is when it comes to implementation that the divisions from similar projects all over between big and small become significant — both in terms of

clients and consultants. "We tend to be selective. a low-grade report; you get and systems.

The other principal broad difference between types of sultancy. Our approach is Gurney says.

The other principal broad difference between types of sultancy. Our approach is Gurney says.

The other principal broad difference between types of sultancy. Our approach is Gurney says.

consultant is the key one of different from that of manage-philosophy—they may be "man-ment consultants. They are agement" or "technical" in more concerned with what relationship with a big consultage of grants for surveys.

"If consultant and client already know and trust each other there is no point in having a survey since any experienced consultant should be able to identify the areas

**Identify** 

This then defines the other broad division between consultants — those who can implement energy savings and those who merely identify the potential for them.

Not that all survey services can be so dismissed. Some consultancies use them as bait to put a potentiall client on the way to more studies and even-tual implementation. For example, NIFES, the National Industrial Fuel Efficiency Ser-Big consultancies usually vice — it used to be part of rely on big corporations or public utilities for their assignments. Small consultancies does £500-2-day surveys using might be employed by anyone, associative if they sall their

This is a special van loaded with electronic equipment that can do quick, on-site monitoring of energy usage and produce a report comparing a client's efficiency with norms compiled Europe. Grants from the De-partments of Energy and Trade and Industry will usually cover

62.5 per cent of the cost.

For the company that has yet to tackle its energy efficiency, such a service may well be the cheapest way to get

# A new company participating in the

Office A Dale's Brewery Gwydir Street

# Trial schemes lead advances

Research and **Development MAURICE SAMUELSON** 

IN 1944, the first Allied air-craft involved in the D-Day landings took off from Harwell airfield, Oxfordshire.

Today, this former RAF station, besides housing laboratories of the Atomic Energy Authority, is the spring-board for the all-out assault on another formidable target—the nation's wasteful and expensive use of its energy

nation's wasteful and expensive use of its energy.

The work is carried out by the Energy Technology Support Unit (ETSU), set up in 1975 on the recommendations of the think-tank led by Lord Rothschild, The initial brief was to look into the scope for hydrogen power.

Energy Efficiency Office, part of measurable impact on British the Department of Energy, they work on several renewable forms of energy as well as on demonstration schemes for the efficient use of energy by industry and other end users.

ETSU does so with a total R & D expenditure of about 11 measurable energy and buildings, where potential savings of 20 to 30 per cent by some property and cent by the best does not receive the several results and potential savings of 20 to 30 per cent by the best does not receive the several results as the second results are industry and buildings, where the second results are results as the second results are results as the most worthwhile job are intended to accelerate the demonstration projects are inten

Most of the efficiency spending goes on industrial demonstration schemes. A complementary scheme is being run by the Building Research Establishment, which so far has concentrated on the domestic housing sector but is now taking over some of ETSU's work on larger buildings.

### Impact

Dr Ken Currie, head of ETSU's energy efficiency branch, is a humorous scientist with the rare gift of lucid com-munication with laymen. He has been in charge of the demonstration schemes since hydrogen power.

The unit now has 100 staff, including 50 scientists and engineers. Responsible to the Energy Efficiency Office, part of measurable impact on make a measurable impact on industry. He describes his work as "the most worthwhile job

goes on renewable energy and cent have been identified. Their f4m on energy efficiency. It is success, therefore, has to be involved in more than 300 promessured by the extent to which

With the exception of the energy-intensive industries, he says. British manufacturers have been largely indifferent to energy saving, and far less interested in innovation than their Continental competitors.

Yet even in Britain there have been advances. The steel industry is now concentrating its cost-cutting efforts on improved energy efficiency now that it has largely overcome the problem of overmanning.

the renewables budget (about fish each), with wave energy, solar heating, wave power and biofuels all claiming less than footings.

Most of the efficiency with the exception of the past seven years.

With the exception of the efficiency with the exception of the past seven years.

With the exception of the exception of the past seven years. equal to 10m tonnes of coal

a year.
This represents 3 per cent of national energy consumption and is worth £800m a year at current prices. The overall cost to the Energy Department was put at £65m, including market-ing and programme management.

The scheme achieved its first major target at the end of last year by promoting savings of 1.5m tonnes of coal equivalent

glass industry, true to its conservative image, presents when the country in the past three years. When the demonstration projects began in 1978, EMS was started to adopt industry-wide targets. Dr Currie has kinder words for some parts of the food and drink industries but complains of difficulty in getting them to replicate proven demonstration or smaller-sized bulldings.

Since then, the technals winds in 1982, conen. three five suppliers have installed 125 systems, worth £2.3m, and with an estimated energy saving worth £850,000 a year, equivalent to 11,000 tonnes of coal.

There have also been numerous demonstration projects began in 1978, EMS was already being used at large sites such as Heathrow Airport for energy saving. fire protection and security work. However, they were not yet established in medium or smaller-sized buildings.

Since then, the technals with an estimated energy saving worth £850,000 a year, equivalent to 11,000 tonnes of coal.

There have also been numerous demonstration projects for industrial heat projects for industrial heat projects for industrial heat of refuse as fuel.

With the UK generating Coal?

With the UK generating Coal?

With the UK generating Coal?

ETSU

jects with a total value, including participants' contributions, of more than \$100m.

Geothermal sources and wind energy take the biggest share of the renewables budget (about the renewables budget (about the successful demonstrations are the problem, for example, in whisky production, ETSU's original objective, adopted in 1978, was for the demonstration projects to stimuting in a building with a £20,000 a year energy bill. There are 100 equipment adopted in 1978, was for the demonstration projects to stimuting in a building in

Small-scale combined heat and power, or micro CHP, is another fruitful area for demonstration. The systems, which co-generate heat and electricity, are built around small gas engines, which drive a generator and provide waste heat for space and water heating.

There are currently four suppliers in the UR: AES, AHS, Holec and WaterMota. Five demonstration schemes have been approved so far, involving three of these suppliers, and a further force are planted. further seven are planned.

The first demonstration was approved for a Trusthouse Forte hotel in Windsor in 1982.

targets. Dr Currie has kinder and security work. However, and farm waste to substitute for extracts gas from a municipal words for some parts of the food in medium or smaller-sized plains of difficulty in getting them to replicate proven demonstration schemes. This has been strated to substitute for extracts gas from a municipal 25m tonnes of coal a year, waste tip at Purfleet, Essex, and ETSU is planning up to 60 sells it to Thames Board's paper demonstration projects of mill.

Since then, the technology which 24 are already under A recoperative burner for stration schemes. This has been has taken off and EMS can now way. These include burning furnaces or kilns, pioneered

Straw being burned to heat Woburn Abbey, the stately home in Bedfordshire. installation is one of 24 ETSU cemonstration projects under way

straw to heat Woburn Abbey; and collecting methane gas from whey at South Caernarvon Creamories. The gas which builds up in

landfill rubbish tips is another promising fuel source. Some local authorities have combined with National Smokeless Fuels, a subsidiary of the National Coal Board, to set up small gas romeanies. One of these of refuse as fuel.

With the UK generating Coal Board, to set up small gase enough household, industrial companies. One of these and farm waste to substitute for extracts gas from a municipal waste tip at Purfleet, Essex, and coals it to Thames Board's paper

In such a burner, the hot furnace gases are exhausted through the burner and some of the heat is transferred to the inlet air supply, enabling a fuel saving of 25 per cent.

inlet air supply, enabling a fuel saving of 25 per cent.

The Esergy Efficiency Office has supported ETSU's participation in seven projects to demonstrate the burners. All were successful and 33 UK metallurgical companies have replicated the projects with 128 furnaces of different sizes—saving the then 120 pairs of burners have equivalent of 250,000 tonnes of been sold, saving 37,000 tonnes coal a year and worth about of coal equivalent a year in the

rubbish in a Blue Circle Industries cement kiln, and packaging waste at Freeman's the British Gas Corporation, mail order, Peterborough; using also earns warm praise from Dr. Nuway and Laidlaw Drew, and more than 2,000 burners have been said at home and abroad. been sold at home and abroad. Following this success, British Gas and Hotwork have developed an even more efficient device for extracting heat from

coal a year and worth about of coal equivalent a year in the £20m a year to industry.

# A gradual rise in status

Energy managers IAN HAMILTON-FAZEY

A WELL-KNOWN firm of consultants was installing energy management systems in the high street branches of one of the clearing banks. The problem it encountered frequently officers" was who would be responsible trawled

for running them.
According to the senior consultant in charge of the pro-ject: "We said that in each bank whichever officer was responsible for branch administration should also be responsible
for energy. This came as quite—seen as marginat by people at
a shock in some cases to managers who wanted to refer us
to the boilerman and leave it

all to him."

Generally, the deputy branch nanager was the administrative chief. Most were accountints. Many regarded energy nanagement as a technical job that had nothing to do with them. Some baulked at having manager was the administrative chief. Most were accountants. Many regarded energy management as a technical job that had nothing to do with them. Some baulked at having to learn how to set time-delay writibles and thermostate ways. switches and thermostats, even though their knowing how the devices worked was for supervisory purposes.

Yet the savings involved were significant in reducing branch overheads. It was logical that the person in charge of the overheads should also be the energy manager — not the boiler operator, in spite of his superior technical skills and knowledge.

quarters. As Michael Roberts of PA Management Consultants puts it: "In some companies the energy manager is little more than a lavatory cleaner: in others you find it's a main board director. Usually it depends on how energy-intensive the business is and the importance that therefore attaches to it."

During 1985 the Government set itself the objective of doubling the numbers of energy managers in Britain to 10,000. David Hunt, the Energy Efficiency Minister, regards them as "the front line troops in the fight against energy waste."

### Meet

The Government is also committed to the "energy management movement," where groups ment movement," where groups of energy managers are encouraged to meet and discuss common problems. Mr Hunt says, there will be a concentration on the results of implementation and the latest equipment. Leading industrialists will testify as to what has been achieved in thinking. This has been no mere coincidence."

Mr Hunt says that surveys

breakfast thrienings by managers of ters during 1986.

This time, Mr Hunt says, there will be a concentration on the results of implementation and the latest equipment. Leading industrialists will testify as to what has been achieved in their own companies. How to do it will follow up the first series approach of why to do it.

especially among consultants, who tend to have the most firstespecially among consultants, who tend to have the most first-hand experience of what is actually going on and what the term "energy manager actually means in practice.

The idea has emerged from the work of an Institute of Epergy sub-committee chaired by PA's Michael Roberts, who is also chairman of the CBI's means in practice.

Julian Gray, of Arthur group.
Young Management Consultants, says that energy mantants, says that energy managers are still handicapped by a technical image. "The situation we find is that the energy manager still does not have the car of the board of a company. They are not in a position to influence matters as much as the car of the board of a company. They are not in a position to influence matters as much as the car of the board of a company. They are not in a position to sinly run part-time by retired somior managers who are energy they should."

In some cases a lowly middle manager with a technical background has been made "energy manager" with a brief to find ways of saving money. Respon-sibility has been to his normal departmental head but he has had to face the diplomatic awkwardness of looking for energy efficiencies in other departments where the head has no obligation to listen.

The status has been similar to that of some "health and safety officers" — the manager has trawled around his company with little support, being generally regarded as a pestering nuisance.

Mr Gray believes that the organisational structure of many

technical and energy managers but energy saving will not be his top strategic priority. So he may well overrule them.

### Case

Nevertheless, this situation is regarded as better than not having an energy manager at all, for at least the case for energy efficiency is being put by someone. Mr Hunt's view is that the chances of the case heing heard by a senior manager knowledge.

The same confusion about with the power to do something energy managers exists in many quarters. As Michael Roberts

Is that the chances of the case being heard by a senior manager with the power to do something about it must increase as the quarters. If that is true, the general

status of energy managers should be on the increase, in spite of patchy variability. Graham Law, of Sir Frederick Snow and Partners, says that it is. "Our experience is that there has been an upward movement in the clout which the energy manager has in the company.

Mr Hunt says that just pushing up the numbers has forced senior managements to think harder about the subject. "Having created impetus in numbers and quality, we are now going to help energy man-agers to convince top managers about implementation," he says. This will be done partly through a second series of mass breakfast briefings by ministers during 1986.

mere coincidence."

Mr Hunt says that surveys conducted recently by the Department of Energy revealed that half the companies approached had now an energy manager. He regards this as a revolution in management attitudes.

However, Government enthusiasm is not quite so widespread on the ground, especially among consultants.

management study



# THEBOTTOMLNEATROBINSO

Robinsons of Chesterfield started as a family company, supplying dressings for the Crimean War.

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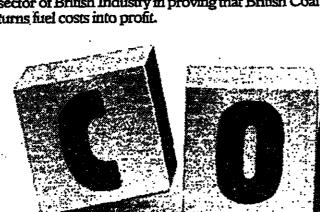
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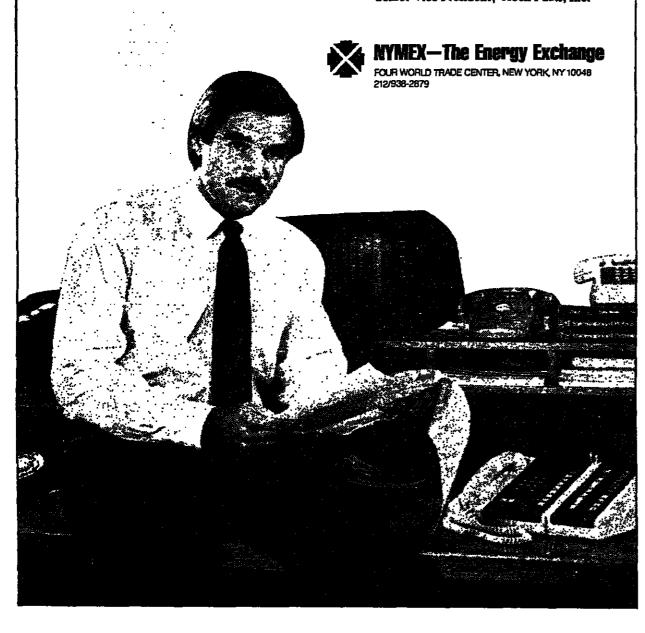
Commercial Director of NCB: "We intend to keep British coal competitive and by reducing our costs retain attractive differentials. This is good news for all our customers. Let us talk we can do business together."

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> Timothy D. Cox Senior Vice President, Koch Fuels, Inc.



# Progress despite low funding

### Renewable sources MARK NEWHAM

TAKEN AT face value, Britain's track record in the field of renewable energy—solar, wind, biomass, ocean and geothermal energy sources—is hardly im-

After 10 years of research, only a few thousand solar water heaters have been installed throughout the country; the number of modern wind turbines generating electricity in Britain can be counted on two hands; wave power systems are stuck at the pre-prototype stage; millions of tonnes of blomass in the form of organic wastes still go up in smoke each year to heat nothing but the atmosphere; and the UK's geo-thermal energy programme is represented by little more than a few boreholes in a Cornish

quarry.
The British taxpayer is therefore entitled to ask where the £90m allocated to this energy sector by the Department of Energy since 1975 has gowy. what benefits can be expected from the research programme.

Beneficiaries of the pro-gramme's budgets, mostly university and private researchers, are used to this criticism and speak with one voice on the issue through the main renewable energy associations in the UK: the British
Renewable Energy Forum
(Bref), the Solar Trade Association (STA), British Wind
Energy Association (BWEA),

spent yearly on the more conventional energy technologies.

In fact, the groups insist, if it had not been for additional research expenditure-albeit on a modest scale—from private sources, from the CEGB and from bodies like the European Commission, Britain would have far less to show for its efforts in this field than is the case today.

So, the groups insist, those in the field should be applauded for their remarkable progress under difficult conditions rather than castigated for their apparent low level of activity and visibility.

With a 10-year history of

research behind them, those involved in the field are convinced that with a little fine tuning to improve system reliability and cost effectiveness, many forms of renewable rgy equipment are viable for energy equipment are viable for the British as well as overseas markets. In fact, BREF has gone so far as to produce a report\* which concludes that Britain could obtain 7 per cent of its energy requirements from renewable energy technologies "which are available now." This represents the energy This represents the energy equivalent of 20m tonnes of coal a year.

### Potential users

The problem, as BREF and the other groups see it, centres on the lack of incentive offered to potential users of the systems to switch to these systems from conventional energy supply systems. The Energy Department

renewable energy equipment credits and subsidised loans for country's electricity require-now available. Taken on an annual basis, the and the packages offered have firmed the BWEA's figures.

Department has funded the pro- not only helped these countries gramme to the tune of only £9m slice large amounts off energy a year on average. That represents little more than petty cash businesses supplying and manusents little more than petty cash businesses supplying and manu-when compared with the facturing energy-saving equip-hundreds of millions of pounds ment to develop into fully selfsupporting units.
In the US, for example, tax

credits have encouraged the installation of about 1m solar energy systems to date and the construction of substantial wind energy "farms" covering huge areas and generating power for

utility grids. In California alone, wind-farms are now supplying more than 1,000 mw of power to utility grids—the equivalent of one average-sized nuclear power station—and have so far saved the US well over 1.4m barrels of

Even with the tax credits under threat of extinction, US enthusiasm for solar and wind energy systems in particular shows little sign of abating and business in the sector is now so brisk that overseas companies are being contracted to supply systems to fill gaps in the US

Vestas of Denmark, which claims to be the world's leader claims to be the world's leader in wind turbine construction—making 10 machines daily from an automated production line and earning \$2.2m a week from sales to US, Danish and other markets—is one of Europe's beneficiaries of the thriving US market stimulated by government-inspired financial incentives.

ing company James Howden is another. Howden has been edging into the US market for several years and recently made a major breakthrough with a contract to supply wind turbines with \$50m to a windfarm site in California.

British Anaerobic Biomass
Association (BABA) and the
British arm of the International
Energy Society (UK-IES).

These groups believe that energy saving and
tost competitiveness is the ideal
incentive. Britain's renewable
there one on the order books
despite the country's massive
potential for wind energy. The
despite the country's massive
those offered to consumers by
niggardly in backing Britain's
efforts in this field and downright mean in providing incentives to potential users of

These come in the form of tax

These come in the form of tax

The Energy Department
the UK.
Howden has only three wind
turbines installed with a furthere one on the order books
despite the country's massive
potential for wind energy. The
wind turbines could supply
many other major countries,
among them the US,
Japan,
tricity needs and that machines
sited offshore around Britain's
coast could actually exceed the
country's electricity require-

But the country is unlikely to harvest this massive energy potential without incentives to help the market develop and as long as institutional obstacles continue to be placed in the path of progress in this field.

The same argument is applied by British renewable energy groups to all sectors of this energy field and perhaps the most notable casualty of thorn all is wave energy. Despite arriving at Britain's coasts — along with the wind — the energy department has decided to abandon its wave energy programme on the advice of the department's Energy Technology Support Unit (ETSU) which concluded that wave energy could never be a cost-effective option for Britain.

### Stepped up

The UX programme — which cost £17m altogether—has now been left indefinitely on the back burner, a decision which has left the field wide open to overseas competitors. Norway has stepped up as the world leader in wave energy, much to the embarrassment of officials at ETSU and the Energy Department. (Norwegian re-searchers have designed and built two wave energy stations which are now generating pow, at half the cost thought to be possible by ETSU. And, to add insult to injury, the systems incorporate equipment de-veloped in Britain at the Energy Department's expense.
Norway is confident of selling hundreds of these plants to developing countries in particular and of cornering the world market for wave energy

So instead of questioning Britain's renewable energy researchers on why their systems have yet to make a quantifiable impact on the country's energy supply, perhaps the taxpayer should direct the questions to the Department of Energy and to its advisors at ETSU.

\* The Scope for Renewable Energy in the UK (ISBN: 0-0510627-0-0) published by the British Renewable Energy Forum (1985). Available from BREF, 19 Albermarle Street, London WIX 3HA. Price £3.

Efficiency awards are encouraging cost-cutting, reports Alastair Guild

# **HOW TO TURN THE PROMISE INTO POUND NOTES**

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the search for cheaper steam?

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### Savings Stress on use not cost by gas

of the 1985 Gas Energy Management Awards. Some 900m therms of new gas had been signed up since the 1984 award ceremony, an 11 per cent in-

winner was the bathroom suite nanufacturer, Ideal Standard, with North West Cas. The company's raw material is china clays, sand, feldspar, minerals and water.

The mixture goes through various forming processes before being sprayed with glaze. It is then stacked ready for firing, the most crucial and energy-intensive part of the process. As the ware is pushed through the tunnel kiln, the clay becomes vitrified and the bathroom furniture emerges from the kiln.
Five tunnel kilns were fired

by butane/air, but energy efficiency was poor. The company decided to replace three kilns with one new tunnel kiln.

The 85m long kiln has side-fired natural gas burners which heat the ware to 1,200 deg C. The kiln is thermally insulated and incorporates full waste heat recovery. A coil in the exhaust flue produces warm air to dry new plaster moulds. While the work on the kiln was going on, North West Gas

carried out a full energy survey to identify other areas for im-Steam beaters used in dry

moulds were changed to direct-fired air heaters which operate at over 90 per cent efficiency. Lengths of steam pipework have been eliminated and replaced by space heaters matched to particular conditions at various Overall fuel use is down by 51

per cent. Fuel costs as a propor-tion of total manufacturing costs have been reduced by 57 per cent, while the company expects to recover its investment of £2.5m in just over 18 months. The winner of the commer-

cial section of the 1985 GEM awards was the city of Neweastle upon Tyne. It has saved 1.4m therms of gas a year, reducing gas consumption by nearly 25 per cent since 1980. More than 95 per cent of the council's building stock uses Newcastle established

energy management unit in 1968 and by 1980 had reduced energy consumption by 21 per cent by changing over boiler plant to natural gas and by introducing insulation and modern control systems. Savings from investment in capital projects with short pay backs were injected into projects with longer paybacks.

ENERGY EFFICIENCY is about using energy more efficiently, not about "saving" it. That is the message behind the Power for Efficiency and Productivity Awards, sponsored by the Electricity Council. This working extremely well for the corporation." Sir Dennis Rooke, British Gas chairman, told December's presentation of the 1985 Gas Energy Manage.

ENERGY EFFICIENCY is about using energy more efficiency is about using energy more efficiency is according to Dr Wrench.

The story behind Stuart & Sons, one of last year's winners another illustration. The crystal manufacturing company originally used propane gas for melting glass, then switched to electricity. The award was for the modifications it made to its industrial processes supplied by electricity. "Industry could by electricity." Industry could

Yet the low priority given to energy efficiency decisions within manufacturing industry indicates that the stop gap approach is still all too prevalent. "It does not make sense, for example, to heat vats from cold every day when good insulation will reduce standing losses to a level when they can be kept running overnight," says Dr Neville Wrench, the council's head of industrial processes.

All entrants for the PEP awards have invested in new processing equipment. Last year's 28 finalists invested a total of £2.8m cutting costs by at least £2.4m, though only 50 per cent of that is energy cost sav-

in the electricity supply industry's campaign to persuade in-dustry to switch from other fuels. Area electricity boards employ more than 200 industrial sales engineers, backed up by a specialist service at board headquarters to promote elec-tricity as a cost-effective solu-tion. More detailed inquiries are referred to the industry's research centre, while boards use test equipment to evaluate different types of process equip-ment on customers premises. The research centre has already developed over a dozen new

### Assess

"The awards are designed to encourage companies to share their experience of newly-installed equipment," Dr Wrench says: "The more indusinstalled trialists are aware of the solutions adopted by other panies, the more they are likely to stand back and assess whether there are better ways of doing things.

"PEP award winners have saved resources by using elec-tricity more efficiently per unit of production, though they may be producing more, so using more electricity. Electricity, on a superficial cost basis is three times more expensive than the next nearest fuel. But it is not what a fuel costs that is important. It is what it costs to

"If companies can improve the quality of the end product, reduce the reject rate, they will save considerable amounts of money.

Improvements to solid state power supplies and techniques for infra red heating are two examples of developments in techniques making electrical

electric glass melting furnace pots, doubling output and saving the £500,000 cost of a

factory extension.

The company was able to install larger electric radiant elements in each furnace, and adopted overnight melting for 30 per cent lead crystal glass. a practice that had long eluded the glass industry. Energy consumption per kg of glass is down by 32 per cent and 35 new jobs have been created.

Bulmer & Lumb, another of last year's winners, replafour steam-heated ovens with two radio frequency dryers for the drying of wool tops following dyeing. The 4.5 kg balls of wool strand no longer have to be uncoiled before drying, a single pass through the RF dryer providing uniform providing 2. The uniform dryer providing uniform moisture. The equipment removed a bottleneck, and paid for itself in under 12 months through a reduction in energy and in other production costs.

Dr Wrench recognises that electricity is not a universal solution. For instance, very large bakeries, with large large bakeries, with large heating loads at low temperatures, use gas to heat ovens. "I wouldn't suggest that they use electricity, at least not until there have been further advances in technology.

"Likewise, oil and gas are homes to more efficient in raising vast fired was amounts of steam. But over a systems."

by electricity. "Industry could double the amount of electricity it uses without radically altering the supply equation.

### Finite resource

"But with North Sea oil production due to peak next year, and gas also a finite resource, industry should be thinking of making an orderly transition, The increase in the number of entrants for the PEP awards, from 349 in 1984 to 454 for 1985 indicates a measure of

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dir.

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Spanish

The Electricity Council also sponsors an award scheme for new private housing. The Medallion Awards specification. introduced in 1977, requires standards of thermal insulation for new homes, with electric space and water heating systems individually designed for each home to give home owners the full benefit of the Economy 7 night tariff. More than 50,000 nes have been built to the standard. involving over 500 builders and developers. throughout the country.

According to a study by the According to a study by the Energy Efficiency Office of the Department of Energy, electric space and water heating systems on the Economy 7 tariff are cheaper to run in many homes than alternative fuel-fired whole house heating systems



